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# ***Daily Report***

## ***Supplement***

# **East Europe**

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# East Europe SUPPLEMENT

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13 August 1993

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**\* Zhelev Speech on Ties to NATO, WEU**

93BA1226A Sofia BULGARSKA ARMIYA in Bulgarian  
21, 22 Jun 93

[Speech by Dr. Zhelyu Zhelev, president of the Republic of Bulgaria, published in two installments: "Interaction Between Bulgaria and NATO and the Western European Union Is Part of an Overall Long-Term Strategy"]

[21 Jun pp 1, 4]

[Text] *As requested by our readers, in two consecutive issues of this newspaper we publish, with minor abbreviations, the lecture delivered by the president last Thursday at the Central Army Club to the members of the Atlantic Club in Bulgaria, ministers, public figures, ambassadors, and military attaches of other countries accredited to Bulgaria.*

There are increasing indications that the NATO emblem is the compass which guides Bulgaria in its aspiration to obtain a guarantee for its national security, protect its national interests, and interpret and enrich its participation in international life. Naturally, I hasten to add the stipulation that security is a complex issue and that, in addition to its military aspects, it includes many other equally important ones, such as social, related to human rights, rights of ethnic and religious groups, stability of democratic state institutions, and the efficiency of their work. For that reason, the topic of national security is central to any state policy. It is comprehensively broad. I shall try to discuss only a few of its aspects, related mainly to the immediate challenges and, especially, the problem of Bulgaria's relations with NATO.

The changes in the contemporary world began in Europe, with the collapse of the totalitarian communist system. The dreams of a new Europe have always been tangible—dreams of a united Europe, of a "common European home," of a Europe from the Atlantic to the Urals, of a Europe of nations, nationalities, and regions.

The rebirth of Bulgaria's European identity is an entirely natural priority in its foreign policy, supported by facts such as the country's membership in the Council of Europe, its acceptance as associate member of the European Community, its agreement with the members of the EFTA. In this context, the interactions between Bulgaria and the Western European Union, with NATO in particular, within the North Atlantic Cooperation Council, are not dictated by circumstantial considerations, but form part of an overall long-term strategy.

Since 1 July 1991, the day when, together with other state leaders, we signed the protocol which put an end to the Warsaw Pact, the alternative facing the Eastern Europeans was clear to all. With the disbanding of the Warsaw Pact, the forces that imposed in 1945 their will from the Baltic to the Balkans stopped functioning. The threat of a major military conflict on the continent and, perhaps, even on a worldwide scale, diminished. Still, neutrality could no longer serve as a guiding principle. In

Eastern Europe the need appeared to seek new ways to guarantee security and national sovereignty, a need commensurate in terms of its significance with the aspiration to democracy.

I remember the question which I was asked after the Prague Conference by the head of the then Soviet delegation, Mr. Gennadiy Yanayev, who signed for the Soviet Union, and who later gained unenviable notoriety. "From now on, on whom will you, Bulgarians, depend?" I recall these words not only because of their paternalistic intonation, but also because of the clear presumption that, by definition, small countries need some kind of protector.

Bulgaria sought the answer in its new military-political doctrine, the elements of which are well-known. They include essentially new relations with our Balkan neighbors, the leading European countries, and the United States, essentially new in terms of their nature and contractual basis. In terms of the implementation of the military reform, Bulgaria's ties with NATO were almost as important as, for example, the depoliticization of the armed forces or the conversion of the military industry. To one extent or another, the conversion of the defense industry presumed the involvement of NATO. Thomas Gallahan, the U.S. expert on NATO, introduced a special term—"NATO GATT," which meant a new commercial system pertaining to commodities for military or dual purpose, within the broadened framework of the organization. Another example was the attention paid by NATO to the social and societal status of the military class and the officers in Eastern European countries. I mention all this because I have in mind not only the economic and technological advantages of the West or its experience. What was decisive in our case was the fact that the North Atlantic Union joins together the most developed and civilized democracies in Europe and the United States.

Today the paradigm of the new world order and the future structure of Europe is being formed. Maastricht and Sarajevo are but two opposite dimensions of the continent. In Eastern Europe, within the former federal republics, regional conflicts are raging. The new democratic states could become involved in a war despite their will, and find themselves locked in the vicious circle of a persistent, reborn nationalism, ethnic hatred, religious intolerance, redrafting borders by force and, once again, even fiercer nationalism. The direct and indirect economic damages and losses worsen and delay the already difficult transitional period toward reform. The vacuum created by the lack of adequate mechanisms for action is filled by actions rejected by international law and by the global community: aggression, terrorism, and crimes against humanity and humanism.

The main international organizations appeared after the cataclysms and tragedies of World War II. The end of the cold war logically faced them with the need to reinterpret



and update their objectives and functions, and to harmonize and coordinate the activities of their international structures. Discussions concerning the future of the North Atlantic Alliance include functional changes, a new type of interaction with the United Nations, the Conference on Security and Cooperation in Europe, and the Western European Union.

Of all the existing international organizations, NATO remains the only one that can guarantee the safety of the member-countries against all military threats. Allow me at this point to refer to the view of Mr. Manfred Woerner, NATO's secretary general, who explains in a recent article the potential source of such a threat: "Unbridled nationalism in Yugoslavia, Nagorno Karabakh, or Moldova may not directly threaten any NATO territory of action, but if it is allowed to develop, its consequences could cause uncertainty and instability throughout Europe and, in the final account, provoke precisely the type of international conflict we thought that we had avoided forever."

NATO's new functions in preventing crises are actually an extension of the contribution made by that organization to the processes of nuclear and conventional disarmament on the continent, the defense of fundamental principles, such as the inviolability of the territorial integrity and impossibility of changing borders by force. Without respect for such principles, even the most important multilateral European treaties signed in the last ten years would have become meaningless.

[22 Jun pp 1, 4]

[Text] A mirror reflection of the security which NATO guarantees its members is the impossibility for that organization to protect countries that are not its members. I realize that the alliance will be facing a grave dilemma whenever it decides to consider the possible expansion of its geographic limits: internal stability and lack of unresolved border and territorial problems are mandatory prerequisites for NATO membership by an Eastern European country, but it is its membership in the alliance that determines and guarantees this security.

I do not underestimate the complexity of the choice. However, I would like to emphasize that both Europe and the United States are interested in an expanded collective European security system, for which a number of Eastern European countries are pleading. In Poland, responsible politicians believe that their country's acceptance by NATO could be obtained relatively quickly. Only two weeks ago, Hungary officially asked for guarantees from eventual Serb aggression. I shall limit myself to this enumeration only, without commenting on one of the headings in an article published of late in the Romanian newspaper LIBERTATEA: "No single Eastern European country will be accepted in NATO without Romania, for one can become part of the NATO bloc only as a bloc."

A number of analyses are being made in Brussels, including that of the strategic advantages of Bulgaria,

located in the center of the most explosive European area, and bordering two Balkan members of NATO. The stabilizing influence that Bulgaria, Greece, and Turkey could have, if they were to cooperate within the framework of a common military-political organization is clear. Our good and balanced relations with our southern neighbors are a favorable factor in the relations between Greece and Turkey themselves.

The concern of countries located in the immediate vicinity of the conflict in former Yugoslavia is understandable. Their expectations are that the North Atlantic Alliance will assume a clear and categorical position in terms of the application of the resolutions of the UN Security Council, aimed at localizing and ending the barbaric war in Bosnia-Herzegovina, and preventing a new, this time "southern" front, in the direction of Kosovo and Macedonia. Categorical statements have been made in some of the resolutions adopted at the recently held NATO meeting on the ministerial level, and at the forum of the Council for North Atlantic Cooperation, which followed. We were also impressed by an interview granted by Mr. Manfred Woerner, in which he pointed out a case in which NATO's reaction would be immediate and crushing, mainly, should a general Balkan war were to break out, in which two members of NATO—Greece and Turkey—were to find themselves on opposite sides.

NATO's categorical and clear position does not have to be related to such an apocalyptic Balkan scenario. Had it been expressed at the very start of the crisis, many of the tragic consequences would probably not have turned into a nightmarish reality. There would not have been this almost flaunting arrogance in the behavior of the most irreconcilable parties to the Bosnian conflict. After the Bosnian Serbs rejected the Vance-Owen plan, according to Belgrade's newspaper BORBA, a new referendum was planned for the end of the month, "for the unification of the so-called republic of Serbian Krajina and the Republic of Serbia, with their possible unification with the other Serbian states." The place and time of the forthcoming proclamation were also announced: It would be in the city of Banja Luka, on St. Vitus Day [28 June]. The extreme Serbian nationalists are quite confident that such a day of reckoning for their provocations will not come soon.

Actually, the pacification of the area and the strengthening of its stability brook no delay. To Bulgaria, this is a matter of prime importance not only because of the threat to its security. Also threatened are our vital economic interests. We are suffering tremendous losses and damages because of our conscientious observance of the economic sanctions imposed by the Security Council, binding to every loyal member of the United Nations.

It is a well-known fact that from the very start of the Yugoslav crisis Bulgaria has pursued a constructive policy of balanced and good intentions toward all its neighbors. The sad historical experience of the Balkan

wars and the world wars dictate our decision to abstain from participation in armed actions on the territory of former Yugoslavia and to appeal for the same type of attitude by the other Balkan states. At the same time, the Republic of Bulgaria supports coordinated international efforts for the peaceful and just settlement of all conflicts west of our borders. We also support sensible preventive measures, such as, for example, the readiness displayed by the United States to participate in the protection of the Macedonian-Serb border with its own contingent of forces, should the Republic of Macedonia so desire.

In this context, I would also like to mention the initiative of the Western European Union to help the countries on the Danube in the application of the United Nations sanctions. This was given a practical development with last month's memoranda of understanding among Bulgaria, Romania, and Hungary, on the one hand, and the Western European Union, on the other.

With the creation of the North Atlantic Cooperation Council in December 1991, we acquired an important mechanism ensuring the more efficient participation of NATO in Eastern European security and stability. Our participation in it enables us to draw at an early stage the

attention of the member countries to problems of Bulgaria's external security and, at the same time, to exert a certain influence on the process of NATO's decision making, related to the European southeast. Regular political consultations on different levels—among parliamentarians, military specialists, and diplomats—enable us to exchange information and experience. In itself, this process is an expression of a political involvement and commitment on the part of NATO in the implementation of the transition to democracy, a market economy, and a reform of the armed forces in Eastern Europe.

Particularly encouraging, however, is the way in which a high percentage of Bulgarian society is accepting the ideas of Atlantism—openly and with a desire for equal partnership. This approach is an indication of an optimistic future social consensus on one of the most important problems of our national security. Consensus in foreign policy is impossible outside the context of a broader social consensus. The effectiveness of our activities abroad directly depends on the irreversibility of the democratic process and the stability of the democratic institutions.

**Background of Attacks on Zagreb Weekly**

93BA1253C Zagreb DANAS in Serbo-Croatian 2 Jul 93  
pp 9-10

[Article by DANAS editorial office: "We United Them"]

[Text] *You do not know whether you are being attacked by your people, theirs, or ours. Is there even any sense in analyzing that mess and defending yourself? Why are they all so unanimous? Why does DANAS bother them?*

Everyone attacked us—GLOBUS, SLOBODNA DALMACIJA, VJESNIK, VECERNJI LIST, and GLASNIK HDZ, some of them several times. Vrdoljak is also on our backs. A really rough week.

They say that we are not paying for the printing of the newspaper, that we are associated with pornography, and that we are cheating the state of taxes.

Those are only some of the attacks, however. The others are much more malicious.

They say that we are followers of ORJUNA [Organization of Yugoslav Nationalists] and UJDI [Association for Yugoslav Democratic Initiative], that we are the left wing of the HDZ [Croatian Democratic Community], and that Mr. Manolic edits our weekly, and then that we want to settle scores with people from Herzegovina, replace Boban and Susak, and so forth.

As far as the first accusations are concerned, one should know that nothing is free, not even printing the newspaper. Maximal has a valid contract with the Croatian Printing House, which it has not violated to date, although it sometimes is in debt, unfortunately, not only to the printing house but also to HTV [Croatian Television], for advertisements that no longer exist, for advertisements that were actually broadcast, broadcast at a lower volume, and which lasted for a shorter time than we had contracted for. We wrote protests, but nothing happened.

Taxes are regularly paid to the state, as can be easily verified.

It was precisely while we were writing this that the news came that DANAS's coverage and the weekly's editorial concept were also discussed at a meeting of the HDZ executive committee. More precisely, Mr. Vrdoljak and a certain Vinko Grubisic were prominent in the discussion; the latter, allegedly along with former member of the presidential office Ante Barisic (well-known from his TV appearance in the "Spegelj affair"), is preparing to conduct a detailed analysis of articles to date in DANAS. As if they could destroy us scientifically, without this sort of garbage—UJDI, ORJUNA—as in GLASNIK.

We are thus living in expectation. Everything is painful and it is difficult to cope. You do not know whether you are being attacked by your people, theirs, ours, or yours. Is there even any sense in analyzing that mess and

defending yourself? Why are they all so unanimous? Why does DANAS bother them?

As far as SLOBODNA DALMACIJA and Mr. Kutle, the new owner, are concerned, it could be explained further. Specifically, as is well known at the VJESNIK firm, he concluded a very favorable contract with Mr. Jure Ivanovic, now already the former director of VJESNIK's enterprise USLUGA, and leased virtually for free VJESNIK's huge restaurant and resort on Rab. In that restaurant he cooks for UNPROFOR [UN Protection Forces], and, they say, earns a lot. On the other hand, VJESNIK's employees have been complaining for months about how expensive the restaurant is, the trade union has been writing petitions and demanding cancellation of the contract, and the directors are angry because every day the employed workers wander around the nearby inns in a search for a cheaper snack. Since the Croatian Printing House is the main shareholder in VJESNIK's restaurant, and consequently its owner, SLOBODNA DALMACIJA's articles against the printing house become understandable, even though the Croatian Printing House's services are cheaper than the services of printing houses in Split, Osijek, and Ljubljana. But why is Mr. Kutle so insatiable, and why is he simultaneously attacking DANAS in his newspaper? Aren't Tomislav House, the Assembly Restaurant, the City Cellar, the fair's Globus, SLOBODNA DALMACIJA, etc., enough for him?

Why is he permitting attacks against DANAS's editorial concept in his newspaper, and characterizing it as leftist, as Manolic's? Why is the pen of ST [expansion not given] member Marko Markovic, in the style of ST, constructing a "conspiratorial game which was aimed at shaking the Croatian post office, and it is suspected that an attack against Defense Minister Gojko Susak is in the background of all these games...."?

Admittedly, the same thing is written by GLASNIK HDZ-A, i.e., a certain pseudonym, Ivan Nunk.

What vile topics, and what speculations! We could have written about prettier things—for instance, humanitarian aid, etc.—but we did not.

By the way, how is it that SLOBODNA DALMACIJA analyzes DANAS's editorial concept, wanting to making it hostile to President Tudjman and the HDZ, and at the same time publishes the following positions in its newspaper? We quote:

"Because of the overall situation that the Croatian people are in, the creators of Croatian policy have to bear some sort of consequences. If Croatia ill-advisedly accepted certain rules of the game by which it necessarily loses, it has no other choice except to turn the tables, but with a change in the leading players on its own side" (SLOBODNA DALMACIJA, 14 June).

Then: "The fundamental difference between the Croatian state and the Serbian state in the occupied area is that Croatia has a semipresidential system, with a

tendency toward a presidential one, but the Serbian state in Croatia is functioning as a parliamentary democracy in which all decisions are adopted by the assembly of the republic of Serbian Krajina."

We must admit that those positions are not in accordance with DANAS's so-called "left-wing" editorial concept. It seems, however, that they are in accordance with Kutle's "pro-state" concept of SLOBODNA DALMACIJA.

Just why aren't the HDZ executive committee and all the others discussing those positions instead of DANAS? They will have to answer that question sometime.

We could also reveal here the reasons for the coverage by both VJESNIK and GLOBUS, especially Mrs. Jasna Babic. We could write about her ties and memberships previously and today, but what for? We want to write about free journalism and free people, and not about blackmail.

As far as our concept is concerned, it is limited only by the Croatian state, national reconciliation, and the responsibility and courage of the journalistic profession. These skirmishes and quarrels therefore disgust us; we do not want them; they interfere with our work. We do not want to manipulate anyone as much as we want to write for our readership, as thoroughly and seriously as we can, about our present-day Croatian reality. We are aware that the truth has its own criteria of proof in the market, and we hope that we will be allowed to adhere to the concept presented.

[Box, p 9]

#### **How DANAS's "Leftist" Editorial Concepts Views People From Herzegovina**

In our editorial concept, people from Herzegovina are absolutely equal to people from the Zagorje region, people from Medjimurje, Slovenes, Istrians, and all Croats. What DANAS's "leftist" editorial concept takes its hat off to them for is the defense of Herceg-Bosna and consequently the defense of Dalmatia. For that reason they will have our respect eternally. That by no means signifies, however, that the "leftist" editorial concept will support any sort of ethnic cleansing, any sort of uncivilized behavior, or any sort of hatred and vengeance by people from Herzegovina, just as we will not tolerate the same types of behavior by Muslims.

That furthermore means that we will never call Muslims Ottomans or Balijas [pejorative name for Turks], simply because it is not appropriate for civilization or useful to the Croatian state. For the same reasons, we likewise will not support any sort of tribal-patriarchal actions in politics, and especially not in personnel policy.

As far as Minister Susak is concerned, and Manolic as well, DANAS's "leftist" policy thinks that their names will remain written in gold letters in the history of the creation of the Croatian state. Once again, that does not mean that they will be exempt from criticism if they make mistakes, as officials and public figures, to the detriment of the Croatian state.



**\* Opposition's Rejection of Control Law Viewed***93CH0792B Prague MLADA FRONTA DNES in Czech  
15 Jun 93 p 6*

[Commentary by Jiri Leschtina: "The Opposition Continues To Wait for Its Own Klaus"]

[Text] The bilious and defaming reaction by some leftist leaders at Thursday's presidential signing of the law on the Supreme Control Office only confirms the long-held feeling that our opposition does not know how to lose.

The most poisonous remarks were made by Milos Zeman, chairman of the CSSD [Czechoslovak Social Democratic Party], according to whom Vaclav Havel did not make use of the most recent opportunity to demonstrate that he "is not merely a servile lackey of the coalition government, but an independently thinking politician." The deputy chairman of the LSU [Liberal Social Union], J. Vlcek, boldly remarked that his party had expected the president to take "a more daring stand" on the question of human rights.

Our opposition is not willing to take into account the fact that the president signed the law following long contemplation, on the basis of specialized judgments made by two lawyers from the Prague Faculty of Law, one expert from Munich, and another docent from the University of Olomouc, who did not find the text to be in conflict with the Constitution. The opposition is not proving able to accept the fact that the president also heard competing views expressed in expert opinions submitted by three docents close to the leftist parties, which merely summarize old objections made by nongovernment delegates, with sufficient dignity. The opposition would rather explain the presidential decision by claiming that Vaclav Havel was a prisoner of the government coalition.

And not only in the case of the law on the Supreme Control Office, but also in the case of other parliamentary losses, the opposition opinion can be heard that the government majority is approving "its" laws any way it wants. It is as if, according to these voices, the government coalition existed primarily in order to approve laws and modify proposals by the opposition. Grulich, the social democratic delegate, recently attacked the regular parliamentary session of the coalition "13," during which the government parties coordinate their approach to be used in the next session of parliament. According to Vladimir Grulich, this is only further proof of the arrogance of government forces who thus indicate that they do not have to talk with the opposition. As if it were written somewhere that the coalition must sit down at a round table with those who have a totally different program and consult with the opposition as to what the government should do.

In the meantime, the opposition is not capable (or willing?) to explain its losses as being the logical consequence of free elections which have cast it in the parliamentary role of a voting outsider in the case of unconstitutional laws. They would rather talk nonsense about

the voting machinery of the government which is holding the president hostage somewhere in Prague Castle. The opposition alleges that the government would rather see a new totalitarian system come along instead of being capable of listening to opposition views in a democratic manner. This gives rise to a somewhat absurd situation in which delegates who are promising to go for the government's throat criticize that government in the same breath for not falling about the neck of its opposition in a conciliatory manner. However, it is difficult to fault the cook for not handing a sharp knife to his competitor while preparing a complicated meal when his competitor is already fancifully examining the cook's throat from beyond the door.

The increased nervousness on the part of the opposition and its extraordinary hypersensitivity regarding its failures perhaps has to do with the fact that it is beginning to realize that the course embarked on by the government, particularly in the area of privatization, is irreversible. For example, the leading opposition economist, M. Zeleny, admits in Saturday's RUDE PRAVO that coupon privatization has now gone so far that it could be stopped only "under the pressure of state intervention," which he himself considers to be "politically untenable." Such a situation makes it difficult to formulate and ultimately democratically achieve a different opposition program which would be based on the total negation of everything which the government has thus far accomplished.

And so our opposition today stands before a fundamental dilemma: either to continue in the role of the unfathomable "executioner" when it comes to government policy and explaining its parliamentary losses demagogically as maliciousness on the part of an otherwise inept coalition, or launch into redeeming cavalier veneration, to accept the fundamental philosophy of the government program and to benefit, in the long run, from a number of smaller mistakes which every government commits.

For the first of these, Milos Zeman is sufficient for the opposition. For the second proposition, it would need to find its own Vaclav Klaus. However, for the time being he has not yet appeared in the fragmented and complex-ridden ranks of the opposition.

**\* Attacks on Havel, Klaus Condemned***93CH0791C Prague LIDOVE NOVINY in Czech  
30 Jun 93 p 6*

[Commentary by Ivan Klima: "Conspiracy of the Incompetent"]

[Text] I read recently about some young British historians who contend that Winston Churchill (who for my generation embodied democracy and victory over Nazism), obsessed with hatred toward Hitler, was unable to make peace with him and thus avoid the war that, after all, presaged, if not actually caused, the breakup of

the British empire. A U.S. reviewer compares the historians to schoolboys who have discovered how enjoyable it is to shock their teacher. But I suspect that, in the case of the similarly shocking revelations, there is something more to it than just annoying the public by tearing down the images of great men.

At the beginning of the 1980's, Vinohrady Theatre presented a play by the communist Australian playwright and Lenin Prize laureate, James Aldridge. The play was ostensibly about the friendship between Hemingway and F. Scott Fitzgerald, but, in reality, it was only an artful portrayal of how a petty, envious, talentless mind imagines a mind that is great.

It is genetically given that there are fewer geniuses than there are the rest of us. Most of us have no difficulty reconciling ourselves to that reality, but there are always those who refuse to accept the lottery that nature plays with the human race. They feel equal to those who are naturally endowed, unless, of course, they actually feel superior to them. The fact that others do not recognize that insults and provokes them. The insulted ones usually find each other and, with conspiratorial verve, attack the gifted in order to reveal to the public their human shortcomings, presumed pettiness, wretchedness, and incompetence because the attack enables them to appear for a moment side by side with the gifted. The more they succeed in making the work of those whom they attack impossible or unpleasant and, in addition, give people the impression that no one is worthy of admiration for his spiritual or moral qualities, that nothing really noble or majestic exists, the more satisfaction they feel. That socialism favored precisely the ungifted does not need to be emphasized.

I began by giving examples from abroad in order to indicate that those are character, rather than national, traits; nevertheless, in our history that behavior has a long tradition. Let us remember the witch hunts against Masaryk, Capek, and Seifert. And today? Who would not add his two cents' worth against Vaclav Havel or would not give a lecture to Vaclav Klaus? I know that Vaclav Havel, as any human being, has his faults, that he shows too much interest in the uniforms of the Castle Guard, or that, on occasion, he speaks too rashly about an important problem, but, at the same time, I know that after many decades he is a real personality, a moral authority that took its place at the head of our state, and I insist that that fact outweighs many times over all the mistakes he made as president.

I often do not like the conduct of Vaclav Klaus, but, at the same time, I am convinced that he is the first real politician since Svehla's time to head our country's government. The fact that precisely at the time when the small-minded began to arouse nationalistic passions he decided to turn over to the Slovak holders of investment coupons what belongs to them is the latest proof of that.

In a free society, anyone can criticize anyone. Democracy in fact requires that those who are at the top are

judged by the strictest standards. Nevertheless, we should distinguish when personality stands against personality, opinion against opinion, and when, on the other hand, someone petty and incompetent is trying to bring attention to himself by trying to pull down to his own level someone to whom he cannot hold a candle.

**\* Army General Staff To Get NATO Advisers**

93CH0795A Prague LIDOVE NOVINY in Czech  
22 Jun 93 p 16

[Report by (gag): "Americans To Be Assigned to the Czech Army General Staff"]

[Text] Prague—"Understandably, we spoke of the relationship of the North Atlantic alliance with the Czech Republic," Prime Minister Vaclav Klaus confirmed after a meeting with the supreme commander of NATO Armed Forces, General J. Shalikashvili. "We agreed that it made no sense to consider our relationships from the standpoint of time. Qualitative criteria governing our drawing together are much more essential—in brief, what all must be done so that the rapprochement could happen." Prime Minister Klaus stated that he discussed specific procedures applicable to joint steps taken by NATO as well as the Army of the Czech Republic with the U.S. general. According to information available to LIDOVE NOVINY, this involves detaching military specialists of the alliance to work within the Czech General Staff where they would act in the role of some kind of coordinators of steps taken by the Army of the Czech Republic and by the armed forces of the alliance.

**\* Shalikashvili on Bosnia, NATO's Future Role**

93CH0793C Prague LIDOVE NOVINY in Czech  
22 Jun 93 p 16

[Interview with General J. Shalikashvili, commander of NATO forces, by Jan Petranek and Petr Dudek; place and date not given: "It All Pales in Comparison to the Former Yugoslavia"]

[Text] [LIDOVE NOVINY] What did you discuss with General Pezl?

[Shalikashvili] Primarily two things—the reorganization of the Czech Armed Forces, which is now taking place, and practical measures to be taken in the sphere of military cooperation.

[LIDOVE NOVINY] What do you think about the decrease in the number of soldiers in the Czech Army?

[Shalikashvili] I welcome the idea, just as I do the manner in which the desired aim is being attained—i.e., that the armed forces will be smaller, correctly structured, and will have qualified personnel.

[LIDOVE NOVINY] Not long ago you stated that the North Atlantic Pact cannot be blamed for the crisis in Bosnia-Herzegovina. Who is to blame? The UN?

[Shalikashvili] In my opinion, we cannot place the blame on a single entity. We are all to blame. None of us were able to find a solution that would be acceptable to the majority of those involved. The real guilty party is the complexity of the problem. We have also been a little spoiled by the ease and relative speed with which we dealt with the war in the Persian Gulf. The situation there was much simpler, the goal was much clearer. Even in Somalia, the issue appeared simple to begin with; only now are we discovering specific obstacles. But it all pales in comparison to the former Yugoslavia.

[LIDOVE NOVINY] If you were commissioned to head international military intervention in Bosnia, what would be your greatest worry?

[Shalikashvili] That would depend on what my mission was. If I were to execute something on the lines of the Vance-Owen plan, there would be a large number of obstacles. The situation would be different if I were to provide humanitarian aid. But one thing is certain: whoever steps into this arena will not be able to avoid problems.

[LIDOVE NOVINY] After the collapse of the USSR and the end of the bipolar world, Russia is attempting to establish a new military doctrine. Marshal Shaposhnikov is about to become the second in command in Russia, immediately below Yeltsin, and is leaving the post of supreme commander of the CIS [Commonwealth of Independent States] armed forces. What is your opinion of the changes in the situation?

[Shalikashvili] It is difficult to say what the changes will bring. I spoke several times with Marshal Shaposhnikov. I am not the least surprised that President Yeltsin chose him for this responsible position. The whole concept of the CIS armed forces must be re-evaluated, but it is still too early to get results.

[LIDOVE NOVINY] Last week President Clinton answered a question as to whether NATO is an obsolete and out-dated organization. What would you answer in his place?

[Shalikashvili] The opinion that NATO no longer has a role to play is fundamentally bad. As President Clinton said, the countries of central and eastern Europe, which are striving to join the alliance, can best answer this question. NATO represents an irreplaceable link between Europe and the United States. Furthermore, the alliance has always been the basis of stability on which the West could build—NATO is now offering something similar to the countries of central and eastern Europe.

[LIDOVE NOVINY] When will NATO be prepared to accept new members from central and eastern Europe?

[Shalikashvili] I cannot tell you that. Essentially, this depends on a political decision. But NATO has never been a closed society, that's the first point. The second is that it is important to realize that very significant changes are also taking place on the purely military level.

## \* NATO's Relations With East Europe Viewed

93CH0791B Prague MLADA FRONTA DNES in Czech  
30 Jun 93 p 6

[Commentary by Ivan Jemelka: "NATO Fears Infection From East"]

[Text] Defense guarantees must be sought in cooperation among states, in cooperation on the political, economic, cultural, and general human level. If individual countries invest their values in a certain geopolitical area, they cannot be interested in conflicts with each other. On the contrary, they make an effort to protect their investments. The words of the chairman of the NATO Military Committee, Sir Richard Vincent, that he spoke on Monday during his visit to Prague could be important for the declared interest of the Czech Republic [CR] to join NATO because British Marshall Sir Vincent is one of the highest military officials in NATO. The Ministry of Defense considers his mere arrival in Prague a respectable success.

If Sir Vincent speaks of security in connection with cooperation, he is thinking primarily about stable relations between countries. That is the basis on which NATO was built and, at the same time, a condition for its possible expansion by other member countries. As far as the CR is concerned, there is, of course, the question where, in Sir Vincent's view, Prague's efforts to build good relations should primarily be directed.

Let us say that there would be a willingness on the part of NATO to incorporate the CR into the alliance. But if there are tense relations between Prague and Bratislava, it would mean that some tension would also develop between NATO and Slovakia or, if both republics were to become NATO members, that the tension would be carried over into NATO itself. That model can also be basically applied to the other countries of Central and East Europe.

Marshal Vincent is probably recommending to postcommunist Europe that it first search for its own defense equilibrium. That means that the countries of the former Eastern bloc should first of all create strong ties among themselves, which would give the West the assurance that that area will not become another center of conflict in the future.

Minister of Defense Antonin Baudys, however, is somewhat skeptical about what is more NATO supervision of a gradual stabilization of Central-East Europe. That is indicated by his statement that Munich and the invasion of the Warsaw Pact armies in 1968 taught us that partial defense guarantees by the West cannot be relied upon.

For Prague, the solution is rather for postcommunist countries to join NATO on an individual basis, the criteria being only all-around internal stability of the given country. Then the stabilizer, ensuring peace between individual former socialist countries, should be the NATO environment.



That is obviously the core of the disagreement. NATO is afraid that, with such an approach, it could become infected by ethnic and religious conflicts. It refuses to take such a risk. It argues that security cannot be forced on a given area. It must grow out of good relations.

Prague maintains that if economic reforms in the economically weaker postcommunist countries fail, NATO's wait-and-see attitude will put all of Central and East Europe at risk. That would in the end create a serious threat to the Western world as well.

The CR cannot leave its place on the map for another—between Germany and France, for example. NATO thinks of us as a component of postcommunist Europe. We do not have to reconcile ourselves to that view. However, Prague should at the same time do everything it can to achieve the best possible relations with its neighbors. It could not hurt, and, after all, it could prove be the only solution.

**\* Dienstbier Interviewed on OH Prospects**

93CH0791A Prague ZEMEDELSKE NOVINY in  
Czech 3 Jul 93 p 4

[Interview with Jiri Dienstbier, chairman of Civic Movement (OH), by Karel Smetak; place and date not given: "Politics Is Not Exhibitionism"]

[Text] *The standing of OH on our political scene one year after the parliamentary elections is not that great. At least that is what the current results of voter preference polls say, according to which roughly 2 to 3 percent of citizens would vote for OH. Nevertheless, the chairman of OH and former minister of foreign affairs, Jiri Dienstbier, does not consider this fact to be absolutely essential. ZEMEDELSKE NOVINY asked him:*

[Smetak] There is something good in everything, people say. Can that be applied now, after a passage of one year, to last year's poor showing by OH in the elections?

[Dienstbier] I do not believe that the poor showing you mentioned did any good, because otherwise we would be promoting in the parliament what should be promoted. We still have a way to go before we are able to organize ourselves internally and be really effective in public. But as I already said many times, the percentages in voter popularity polls are not what is most substantive, because what is, is promoting certain policies. Today, after all, reform is no longer the question. The reform is irreversible, and to argue about who is proreform and who is antireform is pointless. The essential point is what content we shall give our democracy. Whether it will be truly self-governing or authoritative, whether we shall have a system based on real equality of opportunity for each human being, whether we shall live in a society based on law, in an honest or a corrupt society.

[Smetak] How much are you bothered by the hatred and attacks that are aimed at OH from various quarters?

[Dienstbier] If we were really as insignificant as people say we are and the popularity percentages indicate, probably nobody would pay any attention to us. Those who are attacking us are obviously afraid that we are right on some things. That is why they are attacking us more than they do the fundamental opponents of our democratic transformation. And am I bothered by it? I believe that we should foster civil political culture, and in all natural and necessary encounters use true facts and civil arguments. I do mind that it often is not so. Other than that, everybody who is in public life—and not only a politician—must naturally expect criticism.

[Smetak] How far must OH still go before it becomes a classic liberal party?

[Dienstbier] We must do better at persuading and explaining what we are really thinking. For a vast number of citizens we are still incomprehensible, which in part is because people want the answer to all kinds of questions to be either yes or no. But things are always more complicated than that. Every yes and no can always be looked at from various angles. That does not mean, of course, that we can always live with uncertainty. At some point there must be a decision, and there must be awareness that every such step means stressing some aspects of the problem and suppressing others. To put it briefly, in politics one has to choose the better one of two bad solutions.

[Smetak] You mentioned the tendency to see things in black and white. Do you think that the policies of the present governing coalition contribute to it?

[Dienstbier] The politics of the governing coalition and especially of ODS [Civic Democratic Party] is the politics of total simplification of issues. But that does not mean that everybody in ODS is like that. What I consider dangerous is the conflict between those who want to pursue decent, pragmatic politics and people with tendencies toward authoritarian decisionmaking.

[Smetak] What will OH bring to the municipal elections?

[Dienstbier] The most important thing is to talk about substance, after all, the original meaning of politics is debating how to manage a municipality. It really concerns water mains, housing, and other matters, and not ideological exhibitionism, whether on the right or on the left. OH favors strengthening the position of mayors, either by electing them directly or by strengthening their position in such a way that they cannot be dismissed by a simple majority of councilmen for a special reason. We want the election law to provide for the representation of various parts of the municipality in representative bodies to prevent any further breaking up of municipalities. We also intend to support such solutions which would enable municipalities to get resources needed for self-financing. And finally, we want to see town halls with capable and well-trained people in them.

### \* Havel's Office Audience to Concerns of Citizenry

93CH0793A Prague MLADA FRONTA DNES in Czech  
14 Jun 93 p 3

[Report by (li): "The President Receives Four Thousand Letters Per Month From Citizens"]

[Text] Prague—Every month roughly 4,000-5,000 letters from citizens arrive at President Havel's address at the Prague Castle. About one-third of them concern specific requests and petitions, the rest concern the president, his opinions, or general problems.

"There is an increase in letters in which one senses discontent and uncertainty. Older people in particular have difficulty in finding their bearings in the new conditions," Jana Chalupova, the head of the President's Office Department of Public Relations, told us. "They often find the news they hear alarming."

The department can provide advice to the writers and, if necessary, verify their requests. It sometimes intervenes at the relevant institutions, especially when the matter concerns long processing times of submissions by senior citizens.

According to Jana Chalupova, the citizens complain, for instance, about the long and complicated procedure when applying for state citizenship, housing problems, about the fact that their children were not accepted at a school. They have reservations about the conditions in jail and in prison, they even complain about the fact that they are unemployed or about the execution of restitution claims.

Since February this year, when Vaclav Havel assumed the office of president, about 1200 request for pardon have also arrived at the Castle. The president granted it in 85 cases, almost all of which were minor offenses. For example, he stopped the prosecution of an 82-year-old pensioner who had hit his female neighbor during an argument.

Even prisoner's requests for packages to be sent arrive at the Castle office. "We are trying to find someone to deal with them," stated Jana Chalupova. "A number of people want to borrow money from the president—ranging from small sums to hundreds of thousands—the latter were requested by a man who had lost his family home in a game of cards. However, the office of the head of state cannot comply with this kind of request."

### \* Positive Response to Arms Production Revival

93CH0795C Prague MLADA FRONTA DNES in Czech  
11 Jun 93 p 6

[Commentary by Tomas Marek: "A Flocking Together of Czech Armaments Manufacturers"]

[Text] A decision by virtually 20 manufacturers of arms and ammunition to establish a corporation that would coordinate activities in that area could be horrifying.

However, the reality will not be quite as hot as it would appear. The planned RDP Group can be nothing other than the small successor to the formerly giant Czechoslovak armaments industry. It is worth mentioning that the former federation had the highest per capita volume of military production when measured on a world scale. As far as the Czech Republic is concerned, these times have long since gone. It was the Slovak arsenals and their heavy equipment that were the decisive factor in terms of the magnitude of their production.

Weapons are tools intended for killing and trading in them makes an immoral impression. But that is only one side of this matter.

On the other hand, this is purely a commodity, even though it is of a special type. Nowhere in the world is the question asked "whether to export at all," but rather "where to export to." In 1990, a campaign was announced to oppose arms production and against the very poor worldwide reputation of Czechoslovakia as a willing supplier of weapons, particularly to "hot" regions. Considering the standing of the state and its international prestige, nothing else was really possible. But during the time when Czechoslovakia was willing to restrict its activities, other producers began to penetrate into traditional markets—despite the fact that, for the most part, these were in "hot" regions. That is simply how things go.

The current flocking together of Czech armaments producers thus is based on firm logic. There exists the generally justified feeling that after three years of being sacrificed on the altar of the country, armaments producers have the right to exist and to do business, much the same as their competitors in the United States, Europe, or Asia. There is not even anything extraordinary about the fact that they wish to share in the possible rearming and equipping of the army.

The Czech Republic has a long and recognized tradition in this area. And we can even now successfully export primarily infantry and other light weapons, radar systems, military modifications of motor vehicles, and other similar products. And if the weakened manufacturers establish a firm in order to jointly bear the costs of research or of promulgating an export policy, then, although this makes an unaccustomed impression under our conditions, this is so only at first glance.

### \* Soros on Help to Central Europe, Klaus's Ideas

93CH0792A Prague MLADA FRONTA DNES in Czech  
28 Jun 93 p 7

[Interview with George Soros, U.S. financier, by Tomas Klvana; place and date not given: "The Marshall Plan Is a Dirty Word in Central Europe, Says U.S. Billionaire George Soros"]

[Text] Prague—In Central and East Europe, the Marshall Plan continues to be considered virtually as a dirty word. In an interview given to MLADA FRONTA

DNES, this point was made by George Soros, the U.S. financier of Hungarian extraction. "In 1988, at the East-West Conference at Potsdam, I proposed something like a Marshall Plan for East Europe and the Soviet Union. At that time, everybody burst out laughing. Nevertheless, I am proud of my proposal to this day. If they had listened to me then, things would be better in Europe today," he stated.

[Klvana] Is it within the capabilities of the West today to organize something like the Marshall Plan for East Europe and for the countries of the former USSR?

[Soros] In 1988-90, this was the case. Now, the situation is much rougher. The economic strength of the Western countries has diminished.

[Klvana] You regularly characterize your opponents in the countries of the former Soviet empire as enemies of an open society. Can your opponents in Prague also be characterized that way?

[Soros] No. A person must take care not to label those who disagree with him with pejorative expressions. I do not stand in opposition to the current Czech Government. I am not engaged in any political dispute with it. I only blame it for violating the agreement concluded by the previous government which called for paying the rent for the building housing the Central European University.

[Klvana] In other words, your political views coincide with the views of the Prague coalition?

[Soros] I have a slightly different view of things than does Vaclav Klaus.

[Klvana] Can you be more specific?

[Soros] It would seem that Klaus firmly believes in free enterprise. For him, the best social system is one in which everyone can pursue their own interests. To this extent, I agree with him. But I insist that people must sacrifice something to benefit an open society so that this system can survive. We cannot be concerned only for ourselves. This is probably the only, but substantial difference between our views. But I do believe that in your current situation it is completely healthy to overdo things a little on the road toward capitalism. We must be clearly done with the past. So that, although I do not agree with Klaus's ideas, you are currently heading in a very healthy direction which benefits the Czech Republic.

[Klvana] Does this mean that from the time in April 1990 when you were proposing the creation of a payments union for the former CEMA countries you have changed your views?

[Soros] Not at all. That is where our difference of views was born, because it was Klaus who opposed the creation of a payments zone. My concept is as follows: If you are the Czech prime minister, you should be interested also in what is happening in Hungary, Poland, and even in the former USSR. This is the international expansion of

my concept to care for the society in which you live. Incidentally, this can also be the reason why your prime minister does not welcome the idea of a Central European University. It brings to Prague many people from the former Soviet empire who talk together and are perhaps creating better prospects for themselves regarding the transition to an open society. In 1990, I was striving to preserve the economic ties between the countries of the former Soviet empire. Mr. Klaus was interested only in that day's Czechoslovakia. When it fell apart, he now worries only about the Czech Republic. This is a shortsighted policy. Your country will not prosper if the entire region does not prosper. Of course, I could be wrong, and he could be right.

[Klvana] But there are substantial differences between the individual countries of the former East bloc. How far should the concern of the Czech prime minister for these countries extend?

[Soros] It should extend quite far. I believe that Europe as a whole will have a very sad future if everyone will be concerned only with their own problems. The beauty of the European Community lies in the fact that people have learned to live together. The joint feeling in the Community is now threatened, after the collapse of communism. In West Europe, there are rising tendencies to return to the politics of national interests. Europe can become an open continent or a fortress. It would seem that Klaus prefers a European fortress which would also integrate the Czech Republic. I do not like this concept. I am working for a different future.

[Klvana] Will it not be better if every state would strive for the most rapid attachment to the European Community?

[Soros] It seems to me that Klaus is betting on the fact that the Czech Republic will leave the surrounding countries behind on its way into the European Community. But he is betting on a poor horse; the European Community will not be accepting the Czech Republic for membership sooner than Hungary and Poland. Moreover, the European Community can regard his policies in a very negative light. The chances of the Czech Republic are thus greater in collaboration with the countries of Central Europe.

#### \* Future of Airfield in Mlada Discussed

93CH0795B Prague LIDOVE NOVINY in Czech  
22 Jun 93 pp 1, 16

[Commentary by Jana Smidova: "Mlada—A Possible Superairfield; A Project Which Could Fundamentally Influence the Future of the Czech Republic"]

[Text] The Czech Republic has the opportunity of becoming a world-renowned junction for air traffic. The

large-capacity airfield which is to be built on the former military reservation of Mlada would connect the Pacific and South America with Europe and would become a giant airport for the movement of travelers as well as freight. And in the future, it could also become a commercial center and a free customs trade zone into which considerable amounts of foreign capital would flow, as well as the most modern technologies, and where a large number of jobs would be created.

This scenario is based on a study made by the American Bechtel firm, which is one of the most important world institutions which deals with the preparation of large projects, their financing, and their management. Among others, Bechtel is participating in the construction of the Eurotunnel beneath the English Channel, in the construction of municipal and industrial complexes in the Arab world and in Asia. In Asia, it is involved, among others, in construction of the watershed airfield in the South Korean city of Seoul, which is intended to interconnect three continents and to be a link in the world chain which will tie into the airfield at Mlada. Utilization of this space was subject to a competition in which Bechtel Corporation participated, along with others.

The previously mentioned study is currently in the hands of ministers of the Czech Government, which should be debating the utilization of areas abandoned by the Soviet Army in the immediate future, without any kind of reaction. And the decision-making process will not be easy. This project, which is not only beyond the Czech scale, but also beyond any European scale, would, on the one hand, hasten our economic transformation and would be one of the factors placing the Czech Republic on an equal footing with developed West European countries. On the other hand, however, this is a daring and strategic decision, placing the Czech Government into a sensitive position. Bechtel states that Europe needs an airfield of this type and some time ago examined the possibility of building one in Budapest and Athens, only to finally take aim at the heart of Europe and the area of Mlada. However, these plans are now already in conflict with future transport concepts worked out by West European countries which are not very likely to be overly enthusiastic with the idea of a large-capacity airport in the heart of the continent.

Bechtel is awaiting a decision by the Czech Government, which would contribute real estate to the project and would operate the airfield which is connected with the Ruzyně airfield as part of a whole complex by building a rapid-rail connection to Mlada. Bechtel is offering to do a feasibility study at their own expense, to work out the developmental plan, and to find methods and sources for financing. According to the study, this process would take two years; the first aircraft could be taking off and landing at Mlada at the earliest in five years.

#### \* Writer Claims ID's Coded by Communist Regime

93CH0793B Prague *LIDOVE NOVINY* in Czech  
22 Jun 93 p 16

[Article by Istvan Leko: "7199"]

[Text] This is not the name of an Eau de Cologne, they are the last four digits of a birth certificate. Mine. Recently a member of the former StB [State Security] visited me at the editorial office. I cannot call him an "estebak" because, according to the information I have, he is still actively employed at the Ministry of the Interior. When I showed him my birth certificate number, he said, "Oh, you're not a pure Czech, nor are you a pure Slovak, am I right?" I thought he had recognized this from my accent or my name; but I was wrong. "Like every other good policeman, I can tell that in a matter of seconds from your birth certificate number," he replied.

I did not believe him, because I have heard so many paranoid people who complained about how much the state knows about them and how much it still wants to know. I decided to test him: I gave him the birth certificate number of a colleague in the typing office. The last four digits were 6430. "A Slovak woman, from the Central Slovak kraj." It took him only three seconds. Another test: the last four digits from my wife's birth certificate. 1600. He calculated in his head for a moment and then spat out: "Pure Czech, Central Bohemian kraj. You probably thought that the numbers refer to some dumb sequence related to birth, didn't you?"

That was enough. The only thing that still interested me was why the Ministry of the Interior had needed this information, and why it still needs it. "It can come in handy sometimes," he said and smiled. He also informed me that there are additional numbers, printed on the back of older ID cards, which provide information, among other things, about whether the bearer had ever been prosecuted or not, whether he was a member of the KSC [Communist Party of Czechoslovakia] or not, whether the party had thrown him out, or whether he had left of his own accord. He did not want to divulge any more information.

As soon as he left, I called the Ministry of the Interior and asked whether this was true. To begin with, they laughed at me; then they said that they would find out within two days. Two days later they had discovered that nothing of the sort exists. But how did the former StB employee know where the typist and my wife were born and what nationality they had? Surely these people cannot know everyone that well.

Whom should I believe? The problem is that I do not know what information I will be providing about myself to the person who asks me for my birth certificate number. Who will tell me? Who will explain to me why the citizens of two independent countries still have their birth certificate numbers established according to the



same code—a totalitarian one? You can have Czech citizenship, but if you go to Slovakia, every policeman will know where you're from. Maybe even more. Who knows? Who needs this information? And what for?

**\* Aspects of Church Property Restitution Analyzed**

93CH0796A Prague LIDOVE NOVINY in Czech  
8 Jun 93 p 12

[Article by Jan Sokol: "Church Property and What To Do With It"]

[Text] The hot potato of church property which was confiscated by the communist regime after 1948 does not seem to want to cool down. The notion of fabulous riches based on the confiscation of church holdings in the Bila Hora region and resulting from other unclean sources is disturbing to many a person in Bohemia (and to a lesser extent even in Moravia). The leftist parties have it in their job descriptions and there are only a few topics where they could count on more spontaneous support by the electorate today. Although the Czech public recently discovered that it is fundamentally rightist in orientation, so much so that it came as a surprise, it is nevertheless ill-advised to exaggerate its newly found orthodoxy, particularly when it comes to money. And so, apart from those parties which have hoisted the banner of Christianity and must thus follow through, no one else seems to want to tackle this matter—whether they are a rightist party or not.

That is why considerations have suddenly surfaced which indicate that the churches are actually associations like all others. This is historical and sociological nonsense and even the liberal law should recognize that there is a certain difference here. The churches came into being in a completely different manner, the relationship between the faithful and the churches is quite different, and the churches as social groups are more similar to national minorities—if they are similar to anything.

The property which is at stake amounts to approximately 100,000 hectares of land, twice that much forestland, and somewhere around 2,000 buildings. That which was left after the land reforms of 1920 and 1947 and which is very unevenly distributed among individual church institutions (churches, holy orders, diocese) was then variously nationalized by socialist Czechoslovakia with typical negligence and inconsistency. Let us stress the word variously; in those days, after all, any kind of rights did not matter so that the ownership of this real estate is today de jure very unclear, if not uncertain. It simply cannot remain this way.

And to confuse matters still more, this property is specifically excluded or blocked in all privatization laws, so that it is not being privatized. No one is terribly keen on returning it to its previous owners and to properly nationalize this property without compensation today, after the season, that reeks too strongly of bolshevism. The ODA [Civic Democratic Alliance] position of some

time ago was indicative, although it was not replete with solutions for legal problems. The law which was to return everything was noisily supported a year ago within the Federal Assembly by all of today's Czech coalition: The elections were coming up, it sounded so neatly rightist, and, in the end, the Slovaks blocked the law so that nothing happened.

There is nothing to be done, the potato refuses to cool off and is resisting privatization so that something will have to be done with it. There are no simple solutions, none of those that are possible will be overly popular and so there is no choice but to proceed with caution and consideration. We must grit our teeth and, despite all slogans which speak either of the "poor church" or, on the other hand, of the "duty to return the bolshevik plunder," come to our senses and seek a compromise. Because the property of the Catholic Church was still far greater in 1948 than the property holdings of the other churches, it will clearly be necessary to find a simultaneous solution also to the question of how all the churches will be meeting their costs.

"What kind of expenses?" the reader will ask. This is a correct and important question. There are approximately three types of expenses:

1. Divine services, actual operations, salaries for the clergy. The churches would clearly prove capable of covering this portion of their expenses through collections and gifts, and this is how it should be. For the Catholic Church, however, this represents the weak half of its expenses.

2. Charitable, social, and educational activities, that is to say, activities which impact not only on their own faithful. Is it really necessary? Can this activity not be mastered by other institutions perhaps even better? The meaning and sagacity of church homes, schools, and hospitals lies, on the one hand, in the fact that they provide a certain competition for religious motivation, but mainly because of their "multiplier effect." The people who work there should not only work for wages and their activities should be "enhanced" by additional volunteers. To the extent to which this does not occur, the purpose of, say, church hospitals is problematic, but where this move is successful it is advantageous for society to support such activities—for example, to provide partial financing.

3. The greatest practical problem, mainly for the Catholic Church, today is the maintenance of historical structures which number in the thousands and which, among other items, represent the principal tourist attraction of this country. These expenses account for about one-half of the costs incurred by the Catholic Church and the status of historical structures, particularly those located in rural areas, would indicate that more resources are required by a whole order of magnitude. Such buildings as exist in Tepla, Osek, Kladruby, Vyssi Brod, Broumov, Louka, Rajhrad, or Hradiste cannot be repaired on the basis of any kind of collections and yet

can hardly be used for any other purposes. It is probably sensible to expect that even small cloister communities will succeed in rounding up resources and will be maintaining buildings better and more cheaply than can be done by any kind of central office.

A quick glance at the cards held by a neighbor will save a lot of contemplation—not only when playing whist. In other words: How do others do it in Europe? Of the noncommunist continental countries, the strongest church legislative provisions exist in France. The tremendous amount of real property which the church gave up (in part, voluntarily) at the beginning of the French revolution was divided among each other by speculators and, since the beginning of this century, the churches do not receive a single penny from the state. The state contributes to charitable facilities and schools and in fact pays for repairs to church buildings which do not belong to the church. The church is truly poor and yet the cathedrals are not falling apart.

At the other end of the spectrum stands Germany, where the state imposes a special tax on every registered church member. In Austria, this tax is collected by the churches themselves. In addition, there is a considerable amount of real estate, so that in both countries the churches tend to be rich. They also make the greatest contributions not only to Third World countries, but also to their poorer neighbors (including us).

An interesting method for supporting the churches exists in Holland. It is similar to support for political parties in Germany: To every koruna (excuse me, gulden) of collection money and gift money, the state adds another—in other words, typical “cofinancing.” On the other hand, every Spaniard (or Italian) when filling out his income tax return can decide for himself whether he will use a (small) portion of his income tax to support young people and sports activities, for social purposes, or for possible church use. This annual “plebiscite” makes the payment of taxes a little more pleasant and moreover compels various corporations, including the churches, to not only let the public know about themselves, but also to attempt to prove their general usefulness. This is greatly different from the situation in, say, Germany.

I believe that it is particularly this Spanish solution that could provide a relatively smooth road toward separating the church from the state, something which the churches themselves are hoping for today (in contrast to 1918). Given a suitable technical solution, it would thus be possible to provide assistance for the difficult problem of building maintenance and a certain portion of the revenue (for example, that resulting from tourism) would find its way precisely to where it belongs.

And as far as real estate is concerned, it is in the greatest interest today both of the government and also the churches to find a common language and to come to some kind of agreement. For example, the Catholic Church should apparently renounce a certain portion of its former property, as Archbishop Vlk has already

indicated, and offer it to the other churches. It is worth considering that while the return of, say, arable land would result in further burdening farmers, forest property today is being operated as if it were state property (or army property) and its return should not necessarily hurt anyone very much. But here we would already be exceeding our jurisdiction: We only wanted to contribute to clarifying the problem, not to advise anyone about what they should do and how they should do it.

#### \* Prague Gypsies Involved in Illegal Immigration

93CH0797A Prague ZEMEDELSKE NOVINY in  
Czech 3 Jul 93 p 4

[Article by Vaclav Trachta: “Forty German Marks per Square Meter”]

[Text] *A dirty apartment building in Nusle with trash forcing its way onto the street from its musty hallways. That is one of the devastated buildings some distance away from the town hall, with mostly Category IV apartments that have resisted decades of efforts at reconstruction or razing. It used to be primarily occupied by old people, and some years ago Gypsies began to concentrate there. At first, they occupied individual apartment units, then entire floors. Their proximity was successfully resisted for the most part only by pensioners who had no opportunity to move elsewhere.*

That piece of old Nusle was slowly becoming a sort of Gypsy quarter, with the coloration of that specific lifestyle showing up in hallways and on the streets. And that also included occasional characteristic small business activities. In recent times, it has been the downright ideal environment for new business ventures by some Romany Gypsies who are profiting from illegal migration, much like the Horvat family, which arrived here from Spisska Nova Ves toward the end of the 1970's. Originally, six people came to Prague and were later followed by the remainder of the voluminous family and by still more numerous relatives. For the most part, they supported themselves in various ways; very few really worked. Now they are making their few rooms available to migrants, for whom Prague is a transfer station.

On the second floor, with a balcony, five people originally lived in three small rooms; now they have had to become more modest. The “ceremonial” parlor is an unimaginable mess: Its entire floor is strewn with mattresses and cans, and bottles lie in between the mattresses. Mrs. Horvat claims that she can accommodate up to 12 people there. And that room obviously has as many square meters of space. Another room is the dirty kitchen with a blackened sink, which is the sole source of water in the apartment. It is apparently also simultaneously a bathroom because it is impossible to pass through the room without stumbling over a plastic sit-down tub. The toilet is in the outside hallway.

The unattractive environment is nevertheless an interesting new source of income, based on providing migrants with overnight lodging. As we found out for

ourselves, the rates for "spending the night" vary. They range from 20 to 60 German marks [DM], and sometimes even more. Exotic extra-European visitors are charged special "hygienic" surcharges. The business runs quite well; migrants rarely stay more than one night. They arrive in the evening and are gone in the morning. Here, in the Nusle apartment house, Mrs. Horvat says that everything is organized by the "guys." She only assigns visitors a sleeping space, turns on the water for them, and possibly sells them a few bottles of beer. A bottle of 10-percent beer for the brother runs DM5.

When she actually verified that we were professional guides who have just come to take a look as to where our "goods" could lay down their heads, she says, "They are so poor." However, her "guys" do not let anyone in here for a few hours without the payment of DM40. The fee is the same for children. The clientele is made up primarily of Romany Gypsies from Romania, Bulgaria, and Turkey; once in a while some Russian or even an exotic visitor from another part of the extra-European world may wander in. The latter are intercepted near the railroad station or in parks. Mrs. Horvat confirmed that, in such cases, the fee is higher. It seems that, since spring, business has been booming because the lady looked like she could have used considerable sleep. Obviously, she will also have permanent customers because the neighbors claim that, from time to time, they can even see a bus here that delivers people to individual buildings.

Some Gypsies from this quarter of Prague again earn money from business activities that are beyond the limits of the law. Many of them did not do anything else in the city and obviously are unskilled in anything else. However, the question is how it is that none of those in authority act as though they knew anything about that. If nothing else, the state is being deprived, at the very least, of taxes based on that "business," which is lucrative by all indications.

**\* Steep Rise in Venereal Disease Cases Noted**

93CH0797B Prague LIDOVE NOVINY in Czech  
22 Jun 93 p 2

[Article by Martina Riebauerova: "The Number of Venereal Disease Cases Has Tripled"]

[Text] Over the past three years, the number of cases of venereal disease has tripled, certainly also because of the boom in tourism and prostitution. The increase was greatest in Prague and in the north of Bohemia (there, in view of the original low number of cases, an increase of 5,700 percent is being listed). The largest number of venereal disease cases involves the age group between 15 and 24; in that regard, we are number-one in Europe. According to Dr. Foltinova of the Ministry of Public Health, there are actually many more cases: Physicians, mostly private ones, are not reporting them, however. It is still more difficult to compel someone to see a physician, let alone expect that he should refrain from having sexual intercourse for a period of five years after syphilis. Hygienists may order a medical examination for "at risk" individuals where there is a danger of epidemic, but that is virtually all they can do. A year ago, that attempt was made by Teplice; today, Cheb is preparing to do the same. "At that time, the girls willingly mounted the examination table and let themselves be examined as well as counseled. One quarter (27) had syphilis. We cured one; all of the others disappeared. It cost tremendous amounts of money, and the results were pitiful," Dr. Kotesovec, the Teplice hygienist, told LIDOVE NOVINY. According to Dr. Foltinova, a major educational campaign, aimed at "buyers of sex," would be helpful in public buildings, in addition to regulating prostitution. In other words, prevention instead of restriction, much as is the case with AIDS, which has much in common with syphilis. That is so because syphilis altered the course of European cultural history at the beginning of the 16th century and because venereal diseases also facilitate the transmission of the HIV virus fourfold to eightfold.



**Low Participation in Elections Analyzed**

93CH0800A Paris LE MONDE in French 26 Jun 93 p 7

[Article by Yves-Michel Riols: "The Election Blues of the Hungarians"]

*[Text] Following the change of regime, the Hungarians are avoiding the polls. It is a troubling phenomenon.*

Budapest (From our correspondent)—The editorial writer of one of Budapest's leading daily newspapers recently stated that he had asked one of his colleagues how he was going to vote at the labor union elections in May. Astonished at the colleague's response, he was even more astonished by the reasoning behind it: his friend had made his decision on the basis of the logo of one of the unions, which happened to be a dolphin. "It is a very likeable creature," he offered by way of explanation.

This anecdote illustrates first and foremost the confusion surrounding that national election during which the principal issue did not relate to what was officially at stake—the operation of the Social Security system—but rather to the copayment rate, which was scheduled to rise above the 25-percent threshold for validating a visit to the doctor. The great surprise was not the foreseeable victory of the old Communist labor union but rather the fact that almost 40 percent of the electorate went to the polls. This abstention of "only" 60 percent was considered to be the principal lesson derived from the election and was hailed as a victory for good citizenship!

This result is indeed astonishing for Hungary where the voters have consistently shied away from the polls since the change of regime. It is a phenomenon, moreover, that has been perceptible ever since the first democratic elections of the spring of 1990, at which time only 46 percent of the citizenry voted in the second round. This trend steadily worsened, to the point that the obligatory minimum vote of 25 percent was never exceeded in the first round of the various parliamentary by-elections for three years. The record—the "world" record, people say here—was set in the city of Kisber, where eight rounds of balloting spread over 15 months were required to elect one deputy in accordance with the regulations....

Did the breakthrough in the month of May mark the end of the election blues [preceding word in English] that have been eroding the legitimacy of the young Hungarian democracy? No, is the unhesitating response of the political scientist Attila Agh, a Socialist Party insider. "Last May," he says, "just as in the first free elections in 1990, the Hungarians above all voiced a rejection of the government in power, and this vote and sanction mainly serve to illustrate the volatility of the electorate and the shallow roots of the new political parties." It is a disquieting perspective for the various political headquarters at a time when the next parliamentary elections are to be held in less than a year from now, or even sooner if the present crisis within the principal coalition now in power should lead to early elections.

"This abstention is not genetic in origin," is the ironic comment of the sociologist Elemer Hankiss. "The new political elite have isolated themselves from the community, and in East Europe the intellectuals have a tendency to believe that they can and should do everything without engaging in social dialogue, which is traditionally absent in East European countries."

To this is added another legacy from history. After having lived under the reign of lies organized by the right (under the Horthy regime)—and subsequently by the left—during almost 70 years, Hungarians have an almost instinctive mistrust of political discourse.

Having been inoculated against the apostles of the "happy tomorrows," their generalized rejection is, however, viewed as positive by Zsolt Bayer, one of the leaders of the Young Democrats (FIDESZ), the most popular of the parties. "It is in these antidemocratic systems," he wrote recently, "that politics is invading all aspects of life. Genuine democracy functions unnoticed."

**The Dominant Feeling: Confusion**

The problem is that in Hungary democracy functions almost in isolation. None of the parties that built the new "Republic of the Professors"—with its playwright president, its historian prime minister, and its Parliament of intellectuals—has a solid base in the community, with the possible exception of the Socialists (the former Communists).

At a time when the bill for the economic transition is being painfully felt, entire sectors of society are poorly—or not at all—represented and have turned away from a political process with which they do not at all identify. The absence of genuine "social partners" reinforces this isolation and gives the impression that "the freedom won does not compensate for the feeling of lost security," to quote the sociologist Zsuzsa Ferge in the newspaper MAGYAR NARANCS.

Another dominant feeling is confusion. The identity of the post-Communist parties is not yet stabilized, as is demonstrated by the crisis currently experienced by the Democratic Forum (MDF)—the largest group in the government coalition—which has been torn apart by conflicts among its far right, Christian Democrat, and liberal factions.

A revelatory sign of this process of "clarification" is the fact that two former MDF deputies have created their own individual movements, each of which is worlds apart from the other: a social democratic party and a party of entrepreneurs.

The behavior of the political parties intensifies this confusion. Contrary to Western custom, it is the supporters of the government who have proposed the most amendments to the bills introduced in Parliament, and the principal opposition group—instead of gaining in the polls—has lost more than half of its popular support.

This recomposition of the political landscape—rendered inevitable ever since the parties were no longer joined together by their opposition to the former Communist regime—is spreading even more confusion, whereas the people are seeking clear-cut guideposts. For three years the Hungarian voters have been sending a powerful message to their politicians by staying away from the ballot boxes.

The polls demonstrate obstinately that in the event of elections, the party of the abstentionists and the undecided would take the lead, and for the present, nothing indicates that this crisis of confidence is about to be resolved.

#### Dialogue of the Deaf

It is the logical consequence, Elemer Hankiss believes, of "the animosity of the parties toward initiatives on the part of the public. Following the effervescence of the years of transition," he continues, "the new leaders systematically discouraged the mobilization of the community, alleging that this was no longer justified within the framework of a democratic system, in which you have the political parties to make the decisions. These implacable attacks against everything that escapes their control have not disappeared from the scene." The dialogue of the deaf continues.

**Need for Uniform Deposit Insurance Stressed***93EP0316B Warsaw NOWA EUROPA in Polish  
24 Jun 93 p 9*

[Article by Anna Gornikowska: "Bank Deposit Guarantees: Paramesium of the Financial System"]

[Text] State Treasury [SP] savings deposit guarantees apply to only state banks and those that accumulated deposits before the Banking Law dated 31 January 1989 went into effect. That solution leads to irregularities in the financial system. Nearly 100 licensed banks have no forms of guarantees on the investments deposited in them. That complicates their development and makes healthy competition based on the quality of services impossible.

Such a situation likewise has an unfavorable impact on the stability of the entire financial sector. The finance minister has been conducting work on changing the status quo since June 1991. The result is the draft law on the Society for Guaranteeing Bank Deposits.

The protracted formalities associated with implementing that draft law are caused in large part by the inconsistencies that have arisen during consultations on the draft with the Polish National Bank [NBP].

Let us remember that the association, whose code of regulations we have already outlined in NOWA EUROPA, will function within the framework of a stock company. The SP and the NBP will hold the stock in equal parts. They will bear responsibility for deposits made in all banks, with the exception of branches opened with Polish capital outside Poland's borders. Deposits up to the equivalent of 1,000 ECU's will be fully insured. For deposits between 1,000 and 3,000 ECU's, the association will be limited to responsibility for 90 percent of the deposit. Deposits of greater value will carry no guarantees. The banks, members of the association, will pay two fees to it: an initial deposit amounting to a maximum of 1 percent of the amount of deposits, on which an obligatory reserve is paid in, and an annual fee encompassing an insurance commission and basic dues (designated to cover the association's operational costs).

The first fundamental point of dispute is the question of supervision of the association.

In Polish law, the insurance sector is subject to the MF [Ministry of Finance], while bank activity is subject to the central bank. Meanwhile, the association is an insurance organization, but one whose activities interfere in the internal affairs of banks. Thus, both ministries should have theoretically equal rights in the area of deciding about the association's structure and its principles of operation. "We are dealing with a specific case—a paramesium of the financial structure in Poland. Just as a paramesium is a creature on the boundary of zoology

and botany, in the same way in the case of the association it is difficult to state unequivocally to whose supervision it should be subject," says Janusz Krzyzewski, director of the Legal Department of the NBP.

The NBP fears that any sort of MF supervision over the banking sector violates its autonomy. To date, all data on banks and their clients have been strictly guarded. There is some question as to whether that situation can be preserved because the Finance Ministry will intervene in the internal affairs of banks.

A second point of dispute is the relationship between the amount deducted by banks for association dues and the upper limit of insurance on investments. The payment of 1-percent dues on the amount of the entire deposit is stipulated. Meanwhile, only a specific or, more precisely, a small portion of the deposit is to be insured. It is as though an owner paid his insurance on a car and, as a result, had only the spare wheel covered. Likewise, the amount itself of deposits covered by association guarantees leads to doubts and irregularities. The idea of the MF expressed in the association draft is the protection of a small investor.

Moreover, insurance companies in other countries function in the same way: They also guarantee insuring deposits to a specific limit. However, insuring investments only up to 60 million zlotys would encompass a small percentage of savings deposited in Polish banks. That would automatically call forth a known reaction among clients—the depositing of several or even a dozen or more smaller accounts. That significantly raises the costs of bank operational activity. Consequently, the NBP opts not for the lowering of insurance fees because those may constitute one of the sources of effectively supplying the budget, but for high guarantees that would also be added protection for banks against bankruptcy.

The need to introduce an institution to guarantee deposits in one form or another in all banks might seem to be an indisputable fact. However, it arouses fear and reservations on both the part of banks, in which deposits are currently guaranteed by the SP, and in those who do not have such guarantees. Replacing state guarantees by insurance in the association certainly means a less favorable situation for the first group and the end to their privileged position. That should have positive results because, under conditions of healthy competition, banks will try to differentiate and raise the quality of their own services, but it can also impact negatively on a client. Banks that want to transfer the costs of insurance to a client can lower the interest on deposits. Often there is also the opinion that a new form of securing deposits will not engender confidence because it will be considered to be less secure than a government guarantee. As a result of that, the percentage of Poles making use of bank services will drop. Moreover, some representatives of state banks claim that the question of whether it is necessary to have uniform guarantees is open to discussion. The funds deposited in state banks should, by nature, be guaranteed

by the SP, particularly if the given bank is the implementer of certain assumptions of government economic policy.

The next reason for the fears of banks is the required solvency coefficient of participants in the association, which cannot be less than 8 percent. If a bank does not reach that level, it is not insured. In practice, that would be for it a total loss of clients, and thereby a small chance to survive in the market. From another viewpoint, however, that is another argument for introducing a new form of deposit guarantees that will order the Polish financial sector. Because of that, banks will exist that are strong and sure in terms of capital.

Both the MF and the NBP want to complete work on the law creating the association as soon as possible, to resolve the inconsistencies that have arisen, and to submit the final version to the new Sejm. That seems possible because most of the points of contention between the two ministries have already been clarified.

#### \* Tank Factory Dependent on Military Support

93EP0315A Warsaw POLSKA ZBROJNA in Polish  
5 Jul 93 p 3

[Article by Roman Przeciszewski, from Gliwice: "Hard in a Hard Reality"]

[Text] The M1A2 tank costs the most, more than \$10 million. The French Leclerc costs about \$5.5 million, the Israeli Merkava \$2.5-3 million, and the Japanese TK-X, which is comparable to the Hard (*Twardy*), \$8 million.

"Is it surprising in this situation that we are planning on Polish production? Especially since the Hard is an opportunity for the Labedy Mechanical Factories, Inc., in Gliwice," the military people say.

The Hard is already a legend. When, a few months ago, we published a picture of it in POLSKA ZBROJNA, the telephones began to ring. Everyone wanted more information, not excluding civilians and military attaches of other countries. We could only repeat the data included in the paper.

Thus, the construction of the new tank was based on the T-72 model, and it is equipped with thermovision equipment for directing fire. The Hard has so-called active armor, and its "skin" is covered with special plates that are to weaken the force of the projectiles striking it. Further, it also has a special sensor to detect a laser aimed at the tank, which causes the firing of a special shell to produce a smoke screen.

The technical data of the Hard from the beginning have been public. It has an 850-horsepower engine that produces speeds up to 70 km/h, weighs 42 tons, and, without adding fuel, can travel 650 km and take 40-44 shells for its 122-mm gun. Today we can add that the Hard is to cost about 14 billion zlotys [Z].

"The Ministry of National Defense has ordered 10 such tanks from Labedy. According to the contract, they are to leave the production line and reach the military by 24 December 1993. That is the first serious order by our ministry from Labedy in several months," says Colonel Marian Waszkielewicz, head of the Regional Military Representative's Office at the factory.

We wanted to get information about the course of the contract. On the day the journalist from POLSKA ZBROJNA visited Labedy, there was to be a meeting including representatives of the Polish Army, the Ministry of Trade and Services, and the Ministry of Ownership Transformations on that subject. Unfortunately...

"This is a working meeting, and we do not see any place at it for the press." The doors closed in front of us.

The workers proved more interested in talking.

#### Hope in the Army

At the factory Solidarity office, they approach this journalist with reserve.

"You are looking for success at any price and are not interested in the core of the problem," one of the union officials says, resigning from the conversation. The new "propaganda of success" gives rise to that dislike, as another explained. At first, it was written that Labedy would stand on its feet, thanks to a favorable contract with Pakistan. "There will be exports; there will be orders; there will be a profit!" Optimism dripped from the headlines. After a few days, the issue left the headlines, and, in Gliwice, they are peeved because...

"Several months have passed and nothing. There are no exports to Pakistan, and some of the tanks already produced have again returned to the storage area. Why are you not writing about that?" they ask. A number of reasons for the "suspension" of the contract have been mentioned.

The ammunition produced in Pionki proved too weak, and the contract included a comprehensive supply of equipment, including precisely ammunition. Reportedly, the talks are continuing, but the factory is paying for that uncertainty. Reportedly...

The unionists are also unhappy about certain press reports from the recently concluded 65th International Fair in Poznan. The fact is that some of the enterprises in the defense industry (including Labedy) presented themselves well during the fair and won honorable mentions and medals.

"But that does not mean that the worst is behind us and that we are entering the straightaway, as some of your colleagues wrote," is the first accusation. "It is naive to claim that the defense industry can defend itself with civilian production."

Marek Jurkiewicz, the press spokesman for Labedy, unintentionally confirms them:

"Participation in the fair was a question of prestige, and the medals won cannot eliminate the threats among which we operate. We won handshakes from the deputy prime minister, diplomas, free promotion, and several contracts for diggers, but we are still not certain of the future. We have placed our hopes in the military the entire time; if we receive orders from the minister of national defense, we will really stand on our feet," he explains.

#### With a Financial Hunchback

Jurkiewicz begins with the premise that Labedy is now paying for decisions made in the 1960's and the 1970's. There was a great demand for the mechanical diggers produced in the factory at the time; new markets were opening everyday; the civilian prospects were expanding, but...

"The decisions were unambiguous: We must limit civilian production! In that way, an industrial monoculture was created," concludes the spokesman. "After 1989, as you know, the recession came. From one day to the next, military orders disappeared, and no one wanted to take the tanks already produced."

At the Solidarity office, they add:

"Politics took over. We were not allowed to export those tanks."

A few weeks ago, during a meeting of the Domestic Section of the Defense Industry with the president, the prime minister, and members of the government, Franciszek Szwarz, the head of the factory Solidarity, asked:

"Why was a contract valued at \$890 million, signed with the permission of the minister of industry, not implemented? Why are the consequences of that fact being exclusively borne by the factory that was to perform the contract? The losses from that amount to hundreds of billions of zlotys. Looking for a way out, breaking the embargo of the EC, allowing violations of an economic nature, the factory sold fully valued supplies, stored for the contract to Western firms at scrap prices! Those were further losses that, in the case of some factories, amounted to Z25-45 billion. A political decision was made, and the government does not bear any responsibility. Is that right?"

A dozen or so months later, all of those with whom we spoke said Labedy has a "financial hunchback." Until recently, the factory had a debt of Z890 billion and 781 creditors. They smaller ones have already been paid, but that did not settle the matter.

"With such debt, we will never manage by ourselves," agrees Jurkiewicz.

At Labedy, they are not sitting with their hands folded, and they are doing everything to keep the work force, which has already been reduced by 50 percent. Everyone knows, however, that civilian production, for various

reasons not providing the expected large profits and not making a profit possible, will not save the enterprise.

According to the plans at Labedy, the amount of civilian production is with time to equal the military production, but, to reach that, another several hundred billion zlotys for restructuring the factory are needed. The problem is no one knows where to get the money.

#### What About the Contract?

In this situation, will an order from the Ministry of National Defense for 10 PT-91 Hard tanks improve the financial condition of Labedy?

"The financial dimension of that order is not large. But please remember that, after nearly three years, we are returning to continuing (we hope) cooperation with the military. It is also a return to production, for which our factory was created," says the Labedy press spokesman.

In the production divisions, one can hear that the order from the Ministry of National Defense was forced by reality.

"If Labedy collapsed, the military in a couple of years would have had to buy expensive Western tanks," argues one of the workers. Col. Waszkielewicz does not want to comment on that claim, although he does confirm that, without cooperation with the military and without production of the tank, Labedy has no chance to survive.

"The reality is hard," he emphasized. But, in that reality, given the current personnel, financial, and organization situation of the factory, is implementation of the contract with the Ministry of National Defense going to move forward without difficulties? To that question, Henryk Pfeifer, the director of Labedy, responds as follows:

"Can our enterprise produce tanks? It can be put differently: Is this enterprise to exist, or is it not to exist? If we want to work here, think about the future, we must build these tanks. We have no other chance. And the fears. Well, we have to get rid of them and do everything so that on 24 December, as the contract says, 10 tanks are taken by our Army."

Unofficially, we found out that the turrets have already been cast and that any day now, together with the body, they will go to the assembly area. That does not mean, however, that production of the Hard is proceeding without difficulties. Many factories that once cooperated with Labedy have been liquidated, and it is necessary to find new partners.

Every one of the potential suppliers demands partial payment and a guarantee of payment before beginning production. Money, as we heard, was one of the main topics at the meeting at the Labedy Mechanical Factory, Inc.



**\* Brzezinski's View of Slovakia's Future**

93CH0879A Bratislava REPUBLIKA in Slovak 20, 21, 22, 23, 24, 26 Jul 93

[Transcript in six installments of a meeting in Bratislava between Zbigniew Brzezinski and the Slovak leadership on 3 July 1993: "Slovakia's Place on the Future Map of Europe"]

[20 Jul pp 4-5]

[Text] "The prime minister did not sleep all night." That is the dramatic way in which the Slovak press wrote about the discussion Vladimir Meciar had with Zbigniew Brzezinski during his visit to the United States on 18 May of this year. On that occasion, Brzezinski, while drawing a picture of the possible future map of Europe, placed the Slovak Republic [SR] into the second or, possibly, even the third category, in contrast to Poland, the Czech Republic [CR], and Hungary. REPUBLIKA therefore decided to provide for its readers a transcript of the meeting between Zbigniew Brzezinski, national security adviser to President Carter, and SR Prime Minister Vladimir Meciar and representatives of the parliament and the SR Government in the Government Office on Saturday, 3 July 1993.

[Vladimir Meciar] May I welcome you to a meeting with Mr. Zbigniew Brzezinski, national security adviser to President Carter, one of the most prominent political scientists of today, whose predictions are usually called into question but that usually come true? Mr. Brzezinski is intimately familiar with conditions in Europe and in our part of Europe. Although he is a U.S. citizen, he is of Polish extraction, and his wife is a relative of President Benes. During lunch today, we agreed that he is close to Slovaks, as well, to the SR and to what is happening here. Mr. Brzezinski is very active even today in international politics, in the forming of strategies, and acts as an adviser to various governments and parliaments. Therefore, I invited him during my visit to the United States to come and tell us more about his views and positions. Our discussion in the United States remained unfinished. Because we were short of time then, and there was a great wealth of ideas, we shall continue today.

[Zbigniew Brzezinski] Ladies and Gentlemen, first may I express my pleasure at having the opportunity to visit Bratislava, the capital of independent Slovakia? I was invited to visit this country by the prime minister during his visit to Washington. I accepted the invitation with pleasure, and I am very glad that I was able to come so soon after his visit.

I received a rather extensive report about the sleepless night he spent after our discussion in Washington, and I was tempted to bring him some sleeping pills so that the same would not happen during this visit. But that is probably not necessary. For me, our discussion represents an opportunity to get an idea of what you are thinking, to share with you some of my own ideas as a point of departure for our discussion dealing with issues

that are important for you as Europeans and important for me and my country, the United States.

We live in a world that is now mutually interdependent, and it is no longer possible to separate regional issues or even continental issues because they are all interconnected. Within that context, I would like to offer some general ideas concerning the global situation and then narrow it down to Europe. More concretely, to Central Europe, and then, on that basis, I would also like to offer some comments on U.S. policy toward this part of the world. As far as the overall situation in the world is concerned, I would like to begin by saying that sometimes it is useful to have a very short phrase that defines the essence of global developments. During the past 40 years, that defining phrase, which represented the point of departure for understanding global developments, contained only two words: cold war.

The cold war was the beginning of the definition of international reality. And the central aspect of that reality was the confrontation between two systems, two ideologies. Everything else that was important for global developments flowed from that definition. The cold war is now over, and the geopolitical and philosophical struggle ended in the victory of one side over the other. Now the question arises of what can be used as the brief definition that expresses the essence of the global condition.

After the successful end of the cold war, President Bush formulated such a definition, which that time contained three words: new world order. That was to be the definition of the new global reality—new world order. And our understanding of the world was to devolve from that definition. What does that definition imply? It implies a global condition that is based on legitimacy, a global condition that is based on a clear hierarchy of power, a global condition in which there exists one central authority, a global condition that is essentially stable. It also contains the concept of global accommodation to the continually growing importance of international law, the supremacy of the United Nations, which derives its power from the support of the only superpower that exists today, the United States, but to which other nations contribute to create a global condition based on consensus and accommodation. I think that, three years after the end of the cold war, we realize that those three words do not define the global condition. They are not the source of our understanding of what is happening in the world today. Instead of being the definition of reality, those three words are, at best, the definition of hope, of an aspiration to what could be designated more as a norm than a reality, because the reality is very different.

For that reason, we should possibly use two other words, either instead of those three words that were used after the end of the cold war or the two that defined the previous 40 years. As those two words, I would suggest "world turmoil." World turmoil is a state of turbulence,

of widespread instability, of an absence of consensus, and even of cultural and philosophical disparity.

The last characteristic is important because the point of the struggle in the cold war was the concept of a coercively imposed utopia, which is the symbol of what communism represented for the world, the idea that a coercive utopia can be created. On the other side of that struggle was the concept of liberal democracy, the idea of liberty that prevails over the idea of a coerced utopia. But after the defeat of the coercive utopia, we found that liberal democracy in the present reality of the West represents an approach and forms that tend to lack philosophical and cultural content. A considerable part of the culture that dominates the West is concerned primarily with consumption, the satisfaction of individual needs, moral relativism, and a considerable degree of personal hedonism. That is why one question is becoming important—namely, whether the victorious West has some philosophical and cultural message for the world, which has now awakened politically but the majority of which is still very poor, very disadvantaged, and becoming ever more frustrated. That is the reason the term “global turmoil” expresses for me more exactly the essence of the global condition, with great probability also our reality for several decades to come.

I do not believe that the global turmoil will end quickly. I believe that our new era will be an era of very long-lasting turbulence. And that turbulence will manifest itself primarily in the area that can be described from the geographical point of view as the oblong of violence. The oblong of violence—that is not a circle; it is something that looks rather like a U.S. football or an egg. You can draw it on the map of the world. You can begin in the Adriatic. You can draw a straight line that starts somewhere on the Croatian coast of the Adriatic Sea, progresses eastward toward Romania, along the northern border of Ukraine, along the northern borders of Central Asia all the way down to Tien Shan, then down through Afghanistan and Pakistan to the Indian Ocean, then again westward to the Persian Gulf, up through the Red Sea to Egypt and back to the Adriatic Sea. On the territory of that oblong live about 450 to 500 million people, who at present are organized into approximately 30 states. Almost all of those states are politically unstable.

On that territory, there are only a few instances of organic nation-states; for the most part, those are states that do not have well-defined nations but are conglomerations of various ethnic groups, tribes, language groups, religions, and cultures. Within that oblong lies the point of intersection of Western Christianity, the Protestant Church, Islam, and even Buddhism and Hinduism at its edges. It is a region that will be very violent in the course of the next several decades, is already very violent now, and, with great probability, will remain violent for a long time to come. It is precisely that region in which there is a growing potential for arms of ever-greater destructive force, including nuclear arms.

For you, it is naturally much more interesting where the northern or the northwestern border of the oblong of violence will be. It could be south of Hungary, but it could also be north of Hungary, depending on how the situation develops in a number of countries that are not too far from yours. It will therefore be extremely important for the future stability of the world how successfully the conflicts within that oblong are kept under control. To keep those conflicts under control, not only active engagement of the United States in global events will be necessary, but also the emergence of other important entities able to exert a stabilizing influence on global events.

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[Text] [Zbigniew Brzezinski] The United States is the only superpower, and it cannot maintain international stability by itself. It needs partners willing to accept an ever-greater share of responsibility. And the most important such partner is Europe. Therefore, the question arises whether the Europe that emerges during the course of the next decade or two will be able to cooperate with the United States and possibly also with Japan in stabilizing the international situation generally but, above all, in pacifying that region I call the oblong of violence.

As far as Europe is concerned, today's reality is such that there are three Europes. There is Europe number-one, which is the Europe of integration, of economic prosperity, a Europe that during the course of the next decade may go from economic unity to political unity. But I think many things indicate that the movement from economic unity to political unity will be slow and that the obstacles that stand in the way of such progression will be difficult to remove. In spite of that, such a Europe already exists. But it is still a Europe that lacks political identity and has no military potential. The nonexistence of such a Europe is clearly evident in what is happening in Bosnia today. If such a Europe existed, it would very likely be that there would be a U.S.-European reaction and that the violence would be stopped and suppressed. Given the nonexistence of such a Europe, it is less likely still that there would be some effective reaction to the high probability that the violence will penetrate and spread into the entire oblong of violence.

Besides that first Europe, there exists today a second Europe. It is the Europe of Central European postcommunist countries to which Slovakia belongs, a Europe that is undergoing a difficult transformation. The transformation not only will be difficult but it will also require great and long-lasting sacrifices in the social area from the people who are involved in it. The main question facing the second Europe is when it will become part of the first Europe, when the first Europe will expand and integrate that second Europe, by which it will speed up the process of transformation and make the process less difficult. But to make the reality even more complicated, there also exists a third Europe, represented primarily by the countries of the former Soviet Union, a Europe in



which the process of transformation is only just beginning and in which there are difficulties that are much greater and the prospects for success much smaller. There is also the risk that the failure of the third Europe will retard the transformation of the second Europe and especially the integration of the second Europe into the first Europe. Therefore, measured by the international standard, the creation of a truly vital Europe in the near future is not very likely, and, in any case, the process will be only gradual.

My personal and somewhat arbitrarily made judgment is that, of all of the former communist countries, the future is safely and constructively predictable for only five countries, in the sense that they can be designated as almost certain candidates for membership in the EC, and some of them even in NATO, during the course of the next decade. Those five countries are—and this is not in order according to importance; they may not all join at the same time, but it will be during the next decade—Poland, the CR, Hungary, Slovenia, and Estonia. Those countries are doing so well that some absolutely unpredictable events would have to take place to divert that process of change from its path. I want to say by this that sometime around the year 2002, possibly even three or four years sooner, they will become members of the single market, and some of them will become members of NATO.

There is also a second category of countries whose future appears promising and that will probably also succeed, in the sense that, although their transformations will take longer than in the case of the first five, they will in all probability also arrive at a positive result, which is defined as realizing a tenable economic takeoff and an institutionalization of democracy, expressed also by being integrated into European institutions. But it will be later than in the case of those other five countries. Moreover, in them there exists a certain possibility of reversal—not a likelihood of reversal but a possibility of reversal. And that possibility is serious to the extent that it cannot be ignored. Into that category of countries I placed Slovakia, Bulgaria, Lithuania, Latvia, and, possibly, Croatia. The latter depends on the outcome of the Serbian-Croatian war. And possibly also Romania, unless there are some territorial conflicts that would affect Romania, in relation to either Moldova or Transylvania.

Further, there exists a third category of countries about whose future no safe prediction can be made. They are states in which the process of transformation is still in the beginning stage, and the difficulties that have to be overcome are still very grave, to such a degree that failure is possible. The probability is about 50 percent. Failure would mean either a longlasting economic crisis or a breakdown of the democratic experiments, or simply an inability to create viable democratic institutions. Into that category I would put, above all, Russia, Ukraine, and most of the former Soviet republics, with some being in much worse condition than others.

The most important there are Russia and Ukraine. In both countries, the situation today is so complicated and discordant that it is impossible to make any reliable predictions. For example, in Russia there are some positive indicators. Yeltsin and Kozyrev took clear, postimperial positions that are of fundamental importance for the transformation of Russia. They disclaim any effort to install anything that would resemble a Russian empire. The process of writing the new Constitution proved more constructive than could have been presumed. There exists a certain probability that a real compromise will be reached, with no totally comprehensive new constitution being adopted, but probably only a temporary constitution, which could be called a "small constitution." Nevertheless, it will be a constitution. Democratization of Russian political life is taking place in large cities. That democratization, however, is only superficial. It is not sufficiently institutionalized, but, even so, we can talk about democratization. There is some privatization of retail trade, small enterprises, and services, but there are also contradictory trends. A comprehensive economic program is still lacking, and there is a wholesale diversion of financial resources, primarily from Western aid.

It is often said that Russia is not getting Western aid, but the truth is that, since 1985, the Soviet Union and Russia were the recipients of loans, credits, grants, and investments worth \$86 billion. That is an enormous amount of money. But, of those \$86 billion, a large part was diverted to Western banks instead of being invested in the development of the Soviet or Russian economy. How much of it, no one knows. We in the United States estimate, on the basis of our counterintelligence, that \$14-17 billion were used in that manner.

I was recently in Moscow and mentioned that sum to Arkadij Volsky, who is the chief of the Russian Union of Industrialists and Entrepreneurs. When I told him that I think \$17 billion were recycled—that is a nice euphemism for the word stolen—he laughed and said: "No, no, it is not \$17 billion. That is impossible. It is \$23 billion." Naturally, that is their national pride at work. They always have to use numbers that are higher. I do not know exactly how much it is. Recently, a Japanese think tank concluded a study in preparation for the G-7 meeting in Tokyo. According to the Japanese study, that sum could be as much as \$40 billion, which would be roughly half.

I have no idea what the actual sum is, but the point is that it is very high, which is an indicator of the collapse of effective aid. It means that the ability to conduct an effective program of reform at a nationwide level is very small. All of that contributes to an internal crisis because it prolongs the economic chaos, which could endanger the gradual institutionalization of democratic institutions in Russia. Similar problems exist in Ukraine, where they are multiplied by the feeling of social discontent and the economic consequences of independence.

For that reason, in both cases—and those are the most important cases—it is literally impossible to make any safe predictions concerning the next 15 to 20 years. We can imagine that we shall be witnesses of the renewal of some form of authoritative undemocratic government, which on the whole will certainly not mean progress in the direction of international cooperation. I think it is clear that, under those circumstances, the West, meaning the United States, West Europe, and Japan, will have to engage in actively helping in the transformation of the former communist countries and, besides continuing giving aid to Russia, Ukraine, and others, will have to emphasize aid to those who belong in the first and second category—that means to countries that have the highest potential for success—and, by extending the framework of Europe, by strengthening the process of creating Europe as a viable, internationally involved and stabilizing partner of the United States. From the point of view of international stability, it is without doubt that that cooperation is essential and that extending Europe is therefore of global importance.

[22 Jul pp 4-5]

[Text] [Zbigniew Brzezinski] If the historical phase of the global turmoil, which may be the inevitable consequence of the end of the cold war, is not to last too long—if it is to last only 10, 15, or 20 years—such U.S.-European cooperation is necessary and must be emphatic. It must be manifested in the enlargement of Europe, meaning that first Central Europe will be integrated in it and, subsequently, possibilities for incorporating Russia and Ukraine will be created. But it must be understood as a gradual process, which will go through individual stages of enlarging the EC. Some countries will enter it earlier, some later, but all of them are potential members. That has to be looked at similarly from the viewpoint of security, particularly as far as joining NATO is concerned.

If the United States and Europe succeed in cooperating in that process, and if in this part of the world the enthusiasm for maintaining the reform process continues, I believe it can be expected that there will be a gradual enlargement of the area of global stability and a gradual diminishing of that part of the world that could become a source of conflict. That, for me, is a challenge we all have to accept together now that the cold war has ended. I think, Mr. Prime Minister, that this is enough. I may have been speaking for too long. Now we can have some questions.

[Vladimir Meciar] I thank Mr. Brzezinski for his introductory remarks. When we analyzed together the sleepless night I spent after our talk, we came to the conclusion that it was hard to say what the cause was, whether the views or the dinner. Because the views expressed here speak about the strategic developments in our region of Europe and in Europe generally for approximately the next 20 years, it was very interesting to hear them. It will be even more important to analyze them and draw conclusions from them to use in practice. To

do that, though, we must know much more. Therefore, I suggest we take advantage of the presence of our distinguished guest and yield the floor to your questions or polemical views.

[Anton Hrnko] I listened with great interest to Mr. Brzezinski's presentation. It seems to me that I heard a similar analysis—that is, the categorization of countries he made in respect to future developments—at a seminar in Salzburg. I would be interested, therefore, on what basis Mr. Brzezinski come to the conclusion that Estonia, for example, has a much better prospect for the future than Slovakia, Slovenia, or Hungary.

[Ivan Gasparovic] I discussed that question with Mr. Brzezinski during lunch today. And I said that, on the whole, I do not agree with him. I also want to ask about the reasons for that analysis—that is, what his analysis is based on—because I think that, say, Hungary and Poland practically did not have such total collective ownership. Here, ownership was almost 100-percent collective, while in Poland and Hungary, it was not like that. And that is the greatest problem, the transition from collective to individual ownership. As far as democratic principles in laws are concerned, I believe that here they are at the European level. Therefore, I somehow cannot see why, for those reasons—meaning economic and democratic—we should be put in the second category. Or isn't it, rather—I shall put it frankly—the view of those countries that are involved in grand European and world politics? Or were we put into that category for a different reason rather than because of the facts and the realities that exist in those countries?

[Jozef Moravcik] Practical politics work differently. It means that the EC, as I analyze the recent period, definitely created for itself, I would say its own, zoning. For example, the most important for the EC in the near future will be the Visegrad Four countries, to which Slovakia also belongs and that is now extended to Romania and Bulgaria. Or don't those tendencies, which are now manifesting themselves, suggest in practical politics that the zoning by categories corresponds to reality?

[Ladislav Polka, a deputy in the SR National Council] I know Mr. Brzezinski as the symbol or one of the first defenders of human rights. I would like to ask him for his view in the case of Estonia, where one-third of the citizens of the Republic of Estonia do not have basic civil rights—specifically, the right to vote.

[Roman Zelenay] For my part, I would be very interested in what the categorization is based on. I will add to what Mr. Hrnko said because there is a little different view from the economic categorization, but I cannot see Slovenia, Hungary, and Estonia together there, either—for example, as far as the budget, inflation, and unemployment, in comparison with Hungary and the CR and us are concerned. Or is that a political categorization? Then there is still the third group, as far as U.S. views on Central Europe are concerned. I would really be very

interested in knowing why such a view exists. Is it that of the United States, or is it Mr. Brzezinski's? I refer to our unfinished discussion in Washington in October, when we spoke about that. We did not come to a conclusion. Therefore, that view is really key. Why is it like that? I heard a similar categorization in NATO headquarters, but there they did not establish the criteria according to which it was made. Rather, it appeared that those were subjective views. I know that in Mr. Brzezinski's case it is not subjective. Does it have some foundation? If so, what?

[Zbysgniew Brzezinski] First, I would like to emphasize that an assessment of the future should not be made on the basis of national pride but, rather, on the basis of the best possible approximation of reality. Understandably, every country that is placed in some category would much rather be in the highest one (...). You, of course—you must be interested in this because you are part of one of those entities. I would be very happy if I could, in clear conscience and on the basis of responsible consideration, place Slovakia in the first category.

Why didn't I do it? In the first place, there are the criteria of the EC. They are relatively explicit. There is a long list of economic criteria that must be met before an economy is considered ready to participate in the EC. At the moment, none of the countries I named, not even in the first category, meet those criteria. Those five countries probably will meet those criteria, but it will be five to six years from now at the earliest. It is likely that it will take some of them even longer. What is important is that it does not appear to be the case as far as the countries in the second category are concerned. It does not mean then that those countries will not meet the required criteria. It is likely, as I already said, that they will meet them, but it will take a little longer. (...).

There is also the question of geopolitical location and the strategic consequences of incorporation into NATO. If NATO extends itself eastward, as it probably will, it will extend itself with the aim of maximizing its security parameter (...). That means that countries with a great probability of having ethnic problems, various border disputes, or potential territorial claims will be considered less attractive as NATO members than countries that do not have such problems. For that reason, I think that, in that respect, there exists a difference between, for example, Poland and the CR on the one hand and Hungary on the other. Hungary is potentially inclined toward certain ethnic conflicts of the type that NATO, in the formal sense of the word, does not like. On the other hand, from the economic point of view, it is likely that Hungary will objectively meet the criteria for membership in NATO sooner than some countries in the second category (...). Estonia belongs there because it is very comprehensively implementing the policy of monetary stabilization and privatization (...). There is, of course, the question of the Russian minority in Estonia, the question of human rights. I do not agree with the view that the Russian minority is being denied human rights.

The Council of Europe recently reviewed the Estonian law on that subject and found that it is in accord with the European agreement on human rights. (...) Even the requirement that people learn the language in order to be given citizenship is normal. But, within that question, is hidden another problem—that is, why there is such a strong Russian minority in Estonia today, when earlier, when Estonia was still independent, there was no such large Russian minority. The international community did not shed many tears when the French colonizers, amounting to 2 million people, had to leave Algeria because their presence was considered to be the consequences of political facts and not of spontaneous socio-economic development. The very large Russian minority in Estonia is without doubt the result of the forcible incorporation of Estonia into the Soviet Union. That does not, of course, justify intentional discriminatory practices, but it does explain why Estonians take such a stance, expressed within the framework of laws that are in accord with European standards in the area of human rights (...).

[Peter Baco] I would like to have the criteria that Mr. Brzezinski mentioned more precisely defined. He began with the explicit as well as the economic criteria that the EC uses for evaluating individual countries. Naturally, every country would like to be in the highest category, and, of course, Slovakia would too. I believe it is a good thing that Slovakia has such high aspirations, and I believe that Mr. Brzezinski understands that we want to know what the criteria are, down to the smallest detail, especially those that are explicit, those that can be expressed with precision—economic.

[Eng. Jozef Sestak] Mr. Brzezinski, I had the good luck to visit you in your office in Washington, and I very much appreciate your work. But one of my colleagues asked you a question, and I think we have a moral right to ask that question again and to try to find an answer—an answer from the United States. The United States and the Western world spent billions of dollars in the fight against communism. And when communism was defeated essentially from within, it was no longer possible to talk about billions of dollars; only millions are being expended. After World War II, your Marshall Plan made an economic power out of defeated Germany. Do you think that Slovaks, Poles, or Czechs are not as good as the fascist Germans? Are we also entitled to, or do we have a moral right to ask, assistance from the Western world? I do not want to argue with you about the categories, but I feel the absence of a new concept here, a new world. You, as the West, have won, but I do not see any follow-up activities. I would therefore like to find an answer for small Slovakia. Where are we to look for security guarantees? Are we to wait 10 years, at which time we shall become, I guess, a member of a club of 16? Or are we going to build our own military forces so that we can protect our southern border?

[Vladimir Meciar] May I add something to that question? Countries that are the best off in the world are

countries that declared war on the United States and lost. We declared war on communism, and we won.

[Jul 23 pp 4-5]

[Text] [Zbigniew Brzezinski] I will explain again the difference between the first and the second categories because that aroused the most interest and the most controversy. The first category concerns countries about which, looking from the outside, it can be reliably said that their political and economic transformation has already passed the point of no return, and that, in spite of continuing difficulties, those countries have already set out on the road to institutionalizing a comprehensive democratic system, to a free market economy, and that they have already reached or very soon will reach a high rate of growth.

In the second category of countries, such development is certainly probable in the next decade, but they still have many difficulties they have to overcome—for example, in institutionalizing democracy or privatization because, in those areas, they still need to overcome fundamental problems, and that is where the difference is. To my mind, that separates the five countries of the first category from the others. That is not a negative prediction about the other countries, but it is an indication that the process in the other countries has not advanced as much—as far as political and economic dimensions are concerned. It does not have that much to do with unemployment or even with inflation. Unemployment in West Europe is much higher than in Slovakia, but that does not mean that in West Europe we are facing a crisis of the existing political and economic order. It is only a problem facing West Europe. In reality, some of the countries in the East have lower unemployment, but that does not mean anything. You mentioned the low unemployment in Slovakia. Unemployment in Russia and Ukraine is lower still, according to official data. Does that mean that Russia and Ukraine are ahead of Slovakia, as far as the categories are concerned? That is not at all a relevant argument. The question has a broader character. We are talking about a transformation of the entire economy, about institutionalizing a viable political system. Can that system still be reversed, or did it already pass the point of no return?

As far as membership in the EC is concerned, the recently reached agreement concerning the economic sphere includes 360 criteria. It is not possible to list all of them here, but, generally speaking, they fall into four categories. First, there are the dimensions of the free market, then the question of subsidies, the question of the legal and regulatory framework, concerning regulation of ownership issues and the banking system and making them compatible with the West European supranational standards. Then it is the question of the tariff barriers, the question of the legal system. All of these are areas that are measurable. When we talk about the first five countries, we can assume that they will meet those criteria in the course of the next five to six years. As for the question of whether it is possible to count on

Western assistance and who has a claim to it, the difference I wanted to point out is this: Those five countries that fall into the first category do not need as much direct aid from the West. Direct aid from the West is particularly important in the first phase of economic stabilization and in the initial phase of political transformation because that is the most difficult phase. In that phase there occurs a decline in production, an increase in unemployment, and a real danger of currency collapse. And that is precisely why support for stabilizing the currency is important. Later, after that phase is over, access to markets is more important. For the first five countries, accessibility and entry into the Western markets is more important than direct forms of aid in the given phase. The weaker the economy, the more important direct economic aid.

In that connection, there arises the question of whether the analogy with the Marshall Plan is appropriate, whether this region is being treated worse than fascist Germany, whether there is an absence of a Western concept. I have to say, in trying to judge the picture objectively, that the situation is mixed. By that I want to say that the West is in many ways egotistic. That applies mainly to the trade restrictions by the EC and the United States, which are not as open as they should be—with the aim of facilitating long-term growth of the former communist countries. On the other hand, as far as quick, short-term infusion of capital is concerned, the situation is not so unfavorable. The West did its part in many instances, and, at present, it is trying to organize more extensive help to Russia. Some even say that that help is too extensive. The West realizes its political and moral obligations. But other points must also be mentioned. The West is beginning to be more and more inward looking. I am sorry to have to say this, but, in the United States as well as in Europe, there is the feeling that, after the end of the cold war, the populations of the Western world expect some serious effort to resolve their many social problems.

That applies mainly to the United States, which expended much higher resources from its GDP [gross domestic product] on the cold war than did West Europe. In the United States, there is at present much less interest in the outside world. That is what the reality is. It applies even when you look at the economic successes following World War II, especially in East Asia, but even in West Europe. The infusion of Western capital in relation to the GDP was not so enormous. The Marshall Plan represented 2 percent of the GDP in West Europe. In East Asia, the economic successes of Korea, Taiwan, and Japan were driven by an even smaller volume of outside capital. I am amazed when I go, for example, to Poland or Russia at how often people talk to me about the obligation of the West to do more, but they seldom mention that their countries should take measures to effect socioeconomic reform, which is necessary for their transformation, and which measures countries such as Korea, Taiwan, Japan, and even Germany were willing to take during the time they were undergoing



their difficult reforms. I must say quite bluntly that some demands for Western aid represent the legacy of communist paternalism, when it was normal that the people pretended to work and the government pretended to pay them. The result was a generally widespread model of social intemperance. The West did not get rich because manna was falling from the sky. When you look at the experiences of the West or the countries of East Asia, they did not grow rich because someone came and gave them a lot of money. When I visited Korea for the first time—that was more than 30 years ago—Korea's total foreign trade was in the range of \$44 million. Per capita GDP was \$75. Korea received very little foreign aid. Today, Korea's foreign trade represents \$88 billion, and per capita GDP is about \$7,200 (...).

[Ivan Gasparovic] I would make one more observation, Mr. Brzezinski. You said that countries placed in the first category have already passed the point of no return. I agree with that. But I think we have passed it as well, and under more difficult conditions, at that. Take, for example, just the fact that Poland was indebted to the maximum amount that was possible. If Slovakia had received such assistance, we would be flourishing today. And I also think that that category is determined by the powerful, after all. If you were to begin saying from now on that we belong in the first category, I am certain we would be there.

[Hvezdon Kocuch] Mr. Brzezinski, when we are working out this panoramic canvas and strategic relations, when we are drawing these outlines, it seems to me that standard methods are being used for nonstandard situations. Your colleague, Polish aphorist Stanislaw Jerzy Lec, said that the scent of hay is different to horses than to lovers. In other words, for us, the important point is not whether it is a problem of national pride or unbridled ambitions. It is simply a question of objectivity. We shall take care of building competitiveness into the Slovak economy ourselves. We know those 363 criteria included in the various groups. We test ourselves in relation to Hungary, in relation to the CR—from the short-term, the medium-term, and the long-term point of view. It seems to us that there is too much schematization in that macropolitical problem. I know that Washington is too distant—we are separated by the Atlantic Ocean—and many details are not sufficiently well perceived. We are thinking, for example, about the four categories of the transformation process. The first type of the transformation process, which I am emphasizing, is spiritual transformation, the transition of man from the homo sovieticus type to the homo democraticus one, and, second, the transition of world civilization from the industrial era to the information era, which gives a new paradigm of development.

Schematically, the transformation of our economy is viewed from the West approximately like this: Reach capitalism as quickly as you can. But, on the basis of our own experience, it is viewed differently because, in the brief span of three years, we went through five stages of development. I shall name them: euphoria, sobering up,

looking for culprits, punishing the innocent, and honoring the uninvolved. And I do not wish to emulate the captain of the Titanic, who chose speed at the cost of good performance. The basic strategic question not only for small Slovakia but also for all of the postcommunist countries—Poland, Hungary, Ukraine, and so forth—is how to combine the quality of the steps we take with speed because, so far, we have given preference even here during our unitary federal reform to speed. As well as in privatization. As quickly as possible! But the quality of our steps eluded us. For example, I do not hesitate to say that the CR today belongs among the premier countries of statism, even though it is striving to support a market economy.

We presented our objections to the World Bank, the IMF, and the European Bank for Reconstruction and Development to using the standard methods by which they evaluate, categorize, and classify in such nonstandard situations as the postcommunist countries are experiencing and going through. In other words, I would like to ask Mr. Brzezinski to look for nonstandard methods for nonstandard situations because that was the reason for our discord in February in our talks with the IMF, for example. We were placed in a slot. They said: You will only be such and such. And reality showed that we were different. And the IMF representative himself confirmed our conclusions. And so, please, with a new paradigm, new, nonstandard approaches are emerging. We cannot use standard, tried-and-true approaches of classification and methodology to reflect a nonstandard situation. We shall make mistakes, as we did, let's say, not you, but in Bosnia-Herzegovina, Yugoslavia. Either we react belatedly or we do not take into consideration details that are decisive. Michelangelo said that perfection is composed of trifles, but perfection is not a trifle.

#### [24 Jul pp 4-5]

[Text] [Eng. Stefan Skrip] Isn't Mr. Brzezinski's overall evaluation at this time the result of the fact that Slovakia was actually not compared within the context of its historical development? After all, its independence is of short duration. Doesn't the evaluation, in fact, flow from the Prague point of view or even another point of view? Even if I did not want to emphasize the period of the 1940's, I would have to say that Slovakia's economy at that time belonged among the premier countries, under difficult European conditions. It was not Slovakia's fault that it came under communist domination. Slovakia influenced only minimally its development and economic structure through its own doing. Shouldn't this fact somehow be taken into account and the possibilities that Slovakia is now demonstrating by its activity and economic capability also taken into consideration?

[Roman Kovac] Mr. Brzezinski, you spoke about a very unpleasant possibility, that countries in the second category could slide into the third category, and that, therefore, the future of the second category of countries is not necessarily so certain. I would like to ask (we already talked here about economic questions, and you

also spoke about the development of democracy) to what extent, in your opinion, are those countries in the second category in danger of returning to centralism, statism, extreme leftist leanings, which could then have an influence on which category they are placed in?

[Zbigniew Brzezinski] Permit me to repeat again what the differences between the second and the third categories are, not in the hope that it will change the views of all of us on where Slovakia should belong because, from the discussion so far, it is clear to me that you all agree that Slovakia should be in the first category. What, then, does that category mean?

In the first category are countries whose futures are already set. And, if there should occur some kind of reversal in their development, it would have to be something that at this point cannot be foreseen.

The difference between the first and the second category is that in the second category are countries whose futures are promising, countries that have a high probability of success but that are still faced with many serious difficulties. Therefore, there is the possibility, not the probability, that those circumstances could either prolong the entire process or, in some cases, even divert it from the given path. I said, for example, that I am not certain where Romania belongs because external circumstances could have an influence on what happens inside Romania. The third category includes countries for which it is not possible to make safe and, above all, positive predictions. I placed Slovakia in the second category because I have an optimistic view of Slovakia, and I think it belongs among countries where confidence is substantiated. But that confidence also has to be joined by the realization of the need to overcome many serious difficulties. The assumption is that the difficulties will be overcome. But they are still quite serious.

In that respect, there is a difference between most of you and me as far as the view of the situation in Slovakia is concerned. From your assessment, I get the impression that Slovakia has already overcome the greatest difficulties, that its political picture, as far as the future is concerned, is clear, that Slovakia has already institutionalized a solid constitutional system based on an effective functioning of political parties, that there are no political clouds on the horizon, and that the same goes for the economic transformation, privatization, and the restructuring of the economy to a free market, including, for example, the conversion of heavy industry, arms production, and so forth—in a word, that all of the basic problems have been solved.

I see it a little differently. But I think it is good that you are optimists because, from the political standpoint, optimism is an advantage. If you are optimists, you have a better hope of succeeding, although theoretically you could be basing your optimism on wrong assumptions. I happen to think you are doing well and that that is one of the reasons the IMF made the decision it did.

But the IMF decision is not a statement that the IMF as an institution thinks you are already successful. When the IMF grants a loan, it is because you have, or it thinks that you have, a hope of success. For that reason, the IMF decided to take a similar step four years ago on behalf of Poland, where the situation was much less unambiguous. But the IMF made that decision because it saw a likelihood a success, in view of the attitude of the government and other circumstances. As for the IMF's decision in connection with Slovakia, it means that it thinks you are one of the countries that will probably succeed. But I repeat, there are still many serious difficulties facing you. You are a little more vulnerable, as far as the uncertainty of the outside environment is concerned, than, for example, the CR or Poland, in spite of its long borders with Belarus and Ukraine.

You have problems with minorities, and there is the question of whether Hungary will not take a position that could make its relations with you more difficult. Then there is the Ruthenian issue. Those are problems that could cause complications. I am not saying that they are decisive because, if I were to say that, I would not think you are one of the promising countries. Those are only possibilities of negative developments, but they are matters an outside analyst must take into consideration.

[Julius Toth] My personal opinion is that Mr. Brzezinski's information about Slovakia is incomplete. I believe that we, too, are not quite fully informed. It is our duty to give all of the information about Slovakia, whether about the economic or even other policies (therefore also on minorities), to representatives of the United States as well as of other countries because then their view of Slovakia could be different. I will give you just one number from last year: The share of private entrepreneurs in the Slovak GDP was already 22 percent. Everyone we talked to at international financial forums was very surprised by that number. I am convinced that, by the end of this year, it will be more than 35 percent. Personally, I consider the process of transformation irreversible when 51 percent of the GDP is produced by nongovernmental organizations.

Will the United States be able to become more active within the oblong that Mr. Brzezinski talked about, in the turmoil and fighting that is now going on in the former Yugoslavia and that could, under certain circumstances, have an influence on the process of transformation of the area with which we are also concerned?

[Katarina Tothova] What I heard here indicates that the SR should put more effort not into changing the standard of ethnic minorities that we achieved and that is at the European level, or various issues for which we are being taken to task, but, above all, into seeing that information flows out of the country. I notice that, on the Slovak side, there is a kind of information minimum. And if the world is not informed about our efforts to speed things up and about the results, it seems that the

view of Slovakia will be a view that does not, in my opinion, really reflect the actual conditions. But that is our problem.

[Peter Weiss] I am going to bring up another part of Europe. What kind of risk for the developments in Central and possibly also East Europe do you see in the slowdown or the complications of the integrative processes within the EC? And isn't the precedent that at the moment is being created in Bosnia such that, in fact, borders were changed by force and the world community is becoming used to that fact, which also carries a great risk factor for Central Europe?

[Voice from the auditorium] And there is also the question of Islam!

[26 July pp 4-5]

[Text] [Zbigniew Brzezinski] Permit me to first respond to the questions that more specifically concern Slovakia and then to those that go beyond the framework of Slovakia.

Naturally, it is the obligation and responsibility of every country to do what it can to create as positive a picture of itself as possible. That is normal. And certainly one of the purposes of my visit is to learn more about Slovakia. I am therefore very glad that you are making sure I know about all of the other factors that must be taken into consideration in evaluating Slovakia's prospects at this stage of its history. At the same time, however, it is very important that we keep proper objectivity and detachment in making judgment about our own country. I believe that, if we do that, we can solve our problems better. That is a general observation, and I do not want to call into question specific matters that concern Slovakia.

But I think it is very important to realize that not all reservations expressed abroad that concern Slovakia necessarily reflect antagonism or ignorance. It is very easy to slide into the attitude that every opinion that is not very positive is perhaps the result of even prejudice or insufficient information.

And now about the question of why Western—specifically U.S.—interest in the former communist countries of Central and East Europe has diminished. I believe it is directly connected with the end of the cold war, with the lessening of the threat and the growing domestic demands for resolving long-neglected problems. We in the United States are very proud of the United States. But we are afraid that, in many aspects of U.S. social life, the reality does not match the American dream; that our cities are deteriorating; that our education, especially at the high-school level, is worsening; that the racial problem is intensifying; that our culture is becoming more hedonistic, more relativistic. And all of that requires a concentrated effort to achieve renewal. I believe that, in recent years, we have been moving more emphatically toward resolving the issues we neglected because we faced the threat of confrontation from

without. The confrontation simply had to do with a struggle between good and evil. But now we realize that the good side, which won, has many shortcomings that have to be removed in a drastic manner. Well, we cannot be striving for a fundamental renewal of the United States and, at the same time, solving the problems of Eastern Europe by flooding it with capital.

Will the United States take an active role in solving the problems in the oblong of violence about which I spoke? In my opinion, the answer to that is probably negative. I happen to be one of those who would like to see us in the United States act much more resolutely in solving Bosnia's problems. Bosnia—that is the moral issue of our time. We are witnessing ethnic cleansing, which is morally unacceptable in the civilized Western world. And it is happening at the time when many are remembering the 50th anniversary of the Holocaust. And saying: Never again! And, at the same time, something that is even more abhorrent is taking place. If ethnic cleansing is to be the solution in Bosnia, it could also become the solution in the entire oblong of violence, which is inhabited by up to 500 million people. It could become a global problem and a global threat. But I am afraid that in the United States there is no great effort at present to see that problem as a U.S. responsibility. If Europe were willing to share responsibility with us, we would probably respond to the situation.

What is the difference between the political developments in Russia and those in Ukraine? I will put it briefly. The central political question in Ukraine is the consolidation of an independent Ukrainian state. Ukraine still has to struggle to ensure its survival as an independent state. I hope it will succeed. And, if it does succeed, it will have a positive geopolitical influence on the map of Europe; however, I think there are very strong forces within as well as outside Ukraine that are deliberately trying to destabilize it. The threat to Ukraine is not a military intervention from the outside but an internal explosion supported from without.

The central question in Russia is whether the economic reform can continue in combination with a gradual democratization. Or whether the economic reform will not continue, and whether first there will occur a political fragmentation and then the installation of an authoritarian regime as a reaction to that situation. But that is already another problem.

What are the risks for Central Europe in European integration? Europe will become integrated, and the barriers to its enlargement will be lessened, but if it does not remove the obstacles to trade quickly enough, integration could take a turn that would be damaging for the countries of Central Europe, particularly those that are still faced with the fundamental difficulties of their transformation. It is therefore important that the integration of Europe be combined with an open-door policy, a reduction of tariffs, and flexibility. I think the West is becoming ever more aware of that need. At the



last summit, in Copenhagen, some positive ideas were adopted, but they do not go far enough.

Finally, as far as Islam is concerned, my opinion is that the danger we face is not the creation of some Islamic state in Europe or the spread of Islam to Europe but that the threat is a collision between Western civilization and Islam, based mainly on simplistic, stereotypical reactions of the West to the world of Islam. There is a tendency to characterize the world of Islam as fundamentalist, as automatically hostile to the West, and there is therefore the risk that that will become a self-fulfilling prophecy.

More than 1 billion people inhabit the world of Islam, and they are very diverse peoples. For example, Nigeria and West Africa belong there, and those areas do not harbor hostile feelings toward the West. Conservative, almost fundamentalist, countries—for example, Morocco, which is very friendly toward the West—belong there. Secular Algeria belongs there, which is neither friendly nor hostile toward the West but which is threatened by fundamentalism. Among those who also belong there is secular Egypt, which is friendly toward the West, and strongly fundamentalist Saudi Arabia, which is certainly friendly, but also antifundamentalist secular Iraq and fundamentalist Iran, which are hostile toward the West. Also part of that world is the new Central Asia, which is still defining itself—and I do not know which direction it will take—as well as Bangladesh, Pakistan, and Indonesia, which have basically friendly feelings toward the West.

But, at present, there is a tendency in the West to describe all of Islam as fundamentalist, and, in the United States, there is a tendency toward hysteria on that subject. The danger that that could become a dynamic that could contribute to an unnecessary collision is great. In the Islam world, too, there exists a tendency toward such simplification and to take what is happening to Muslims in Palestine, Bosnia, and Azerbaijan or Tajikistan as proof that the West is basically hostile. In other words, on both sides there are tendencies toward simplifying stereotypes, which harbor within themselves a very dangerous potential.

[Vladimir Meciar] Ladies and Gentlemen, I am happy that we were able to welcome Professor Brzezinski to our midst, especially so we could learn how others view us, as well as the way we view ourselves, how we judge ourselves. Professor Brzezinski said several times that he was giving his personal view. I would emphasize that it was not just his personal view. During my visit to the United States, many other leading representatives expressed views similar to his, or even more critical ones. I was unequivocally told that the would-be "Brazauskas" [a reference to President of Lithuania Algirdas Brauzaskas] in Slovakia would put Slovakia's future into

the third or even the fourth category. However, such an assessment is subject to developments.

The visit to the United States was interesting in all respects. Yesterday I was informed that five congressmen are preparing a project to aid Central Europe and that some of its ministers may be taking up the issue of aid to the SR.

Diplomatic, political, and economic relations have a tendency to intensify. During our stay in the United States, we were visited by the governor of Maryland, the commander in chief of NATO troops in Europe, and Mr. Carter. Today, we were visited by Mr. Brzezinski; we were also visited by several delegations of entrepreneurs with whom we held discussions. We did not issue a preliminary communique about the content of those discussions.

There is hope that with positive motivation on both sides our relations can markedly deepen in a short time. That trend is commanding great attention and interest even abroad. As far as an evaluation of the Central European region is concerned, that region is still in a state of unrest. And a lot depends on what happens here and what develops in our neighboring countries. What is of fundamental importance is that developments in Slovakia are going forward, the burden of problems is being eased, and a way is thus opening up that will be easier to travel for the coming generations or even during the transformation of Slovakia on the European model. Professor Brzezinski presented me today with his book. I recommend that attention be paid to it. It contains a wealth of interesting suggestions and ideas. I believe it was an honor for all of us to be able to welcome him and to convince him of our aspirations and friendship. He has in front of him—even if not all—the leading representatives of the government, the parliament and prominent political scientists of Slovakia, and he thus had the opportunity to assure himself that the motivation to transform the society is great. I am asking him, therefore, when he meets with other political scientists and leading personalities, to give them this message about Slovakia. We thank him for the time he gave us.

[Zbigniew Brzezinski] I would also like to thank you for taking part in this meeting, especially for being so frank and outspoken and for challenging my views. A good discussion is always based on direct challenges, and I really received much food for thought. I hope I also provided food for thought to some of you. I am really very happy to be in Slovakia, and for a number of personal, cultural, and ethnic reasons I feel great empathy with Slovakia. I wish you much success in this very unique historic adventure in which your generation has the privilege of taking part because building and consolidating a nation is the most satisfying and triumphant experience a person can have. I wish you much success in it, and I thank you, Mr. Prime Minister, for arranging this meeting.

### Insolvency of Enterprises Increased in May

93BA1262G Ljubljana DELO in Slovene 14 Jul 93 p 3

[Article by Bozena Kriznik: "SDK: The Most Serious Liquidity Patients Will Have To Go Bankrupt"]

[Text] *For enterprises without employees, which meet the conditions for bankruptcy, the SDK [Public Auditing Service] is proposing a special bankruptcy procedure; things are worst in the areas of Maribor and Ptuj, and least bad in the Sobota, Postojna, and Koper areas.*

Ljubljana, 13 Jul—The Slovene economy is suffering from an increasingly worse liquidity crisis. The SDK is once again sounding the alarm: the lists of illiquid enterprises are increasingly longer, and the spread of illiquidity has chain-reaction consequences. The SDK is therefore convinced that resolving the liquidity difficulties is a priority task for the government. The most serious patients have to go bankrupt, and the moratorium on filing for bankruptcy proceedings has to be ended. During the moratorium, in fact, some people are skillfully avoiding paying taxes and contributions, and when their transfer account is blocked, they simply establish a new enterprise and open a new account.

On the basis of the May data on blocked transfer accounts, the SDK prepared an analysis of the illiquidity of Slovene enterprises, and informed the government and the Chamber of Commerce about its findings and its proposals for resolving the liquidity crisis.

Under the law on financial transactions, the above-mentioned Service is obliged to submit applications to start bankruptcy proceedings for enterprises that have had their transfer accounts blocked continuously for 60 days, or, if the permanent assets have been financed by long-term sources, for 90 days. At least, that was in effect until July 1991. Since at that time many enterprises ended up in liquidity difficulties for objective reasons, especially because of blockades and interrupted commodity and financial flows with the former Yugoslav republics, the Slovene government of that time instituted a moratorium on filing for bankruptcy proceedings for all enterprises. It is still in effect now, and Slovenia does not yet have a new law on forced settlement and bankruptcy—also because of the moratorium. Since the SDK felt that there were no reasons to postpone starting bankruptcy proceedings at least for those enterprises which are not bearing the burden of management from past years, which do not operate with social capital, and which do not employ a single worker, last October it started to report to the proper courts private enterprises without employees which met the legally specified conditions for bankruptcy. This did not go beyond reports, however.

The list of enterprises with serious liquidity difficulties is very long. There were 1,723 enterprises with a total of 131,186 employees which met the conditions for starting bankruptcy proceedings from the start of the moratorium to this May (at least once, an individual enterprise

could "recover" and in time "get in trouble" again). In May 1993, 2,400 enterprises had their transfer accounts blocked continuously for more than five days (all comparisons of this type with April indicate that the difficulties are growing). The SDK particularly scrutinized all enterprises which in May had had their transfer accounts blocked continuously for more than 120 days. There were a total of 1,078 of them; approximately a quarter of the enterprises had social, mixed, or cooperative ownership, and the rest were private enterprises.

Of all the 3,775 active social, mixed, or cooperative enterprises, thus in May 280, or 7.4 percent of them, had their transfer accounts blocked for more than 120 days. Overall, they had an average of 26.4 billion tolar blocked per day, and they employed 35,592 workers. Of these enterprises, 15 of them have already had their accounts blocked for more than two years. (We are publishing the list of these enterprises, which are mostly from the Maribor area, in a separate table.) According to the May data, 119 enterprises had their accounts blocked from one to two years, and 146 enterprises, from 120 days to one year. During the period from the institution of the moratorium to May, 566 social, mixed, and cooperative enterprises with a total of 128,580 employees met the conditions for bankruptcy.

As the SDK notes, illiquidity is otherwise a disease that has spread throughout the entire country, but it is most serious in the northeast part of Slovenia, in the Maribor and Ptuj areas. Specifically, in Maribor and its vicinity 11.8 percent of all social, mixed, and cooperative enterprises there are in serious difficulties, and in Ptuj such enterprises constitute as much as 13.2 percent. They are followed by Trbovlje, Velenje, Kocevje, and Kranj, while the least difficulties are in the Postojna, Sobota, and Koper areas. The picture is similar in the private sector, in which most of the enterprises ripe for bankruptcy are in the area of the SDK's Maribor branch.

Of the total of 15,631 Slovene private enterprises, in May 798 or 5.1 percent had their transfer accounts blocked for more than 120 days. Those enterprises employ 921 workers, and on the average they had 3.6 billion tolar blocked per day. More of them, specifically 1,157 private enterprises, meet the conditions for bankruptcy. Fourteen private enterprises have had their transfer accounts blocked for more than two years. The SDK has already registered 726 private enterprises that do not employ a single worker for bankruptcy.

Some social enterprises which could no longer operate because of illiquidity established parallel enterprises and opened new accounts, through which they are now operating. The old accounts, of course, remained blocked. According to the SDK's records, there were 116 such enterprises in May.

The Service has already called upon the government to lift the moratorium twice, but it has not received an official answer. The bankruptcy proceedings that the SDK is proposing are not going before a court because

there is no one who would settle the costs of the proceedings; the creditors themselves are not proposing bankruptcies because of the complicated procedure and the costs for which they would have to lay out money themselves, and they would have virtually no benefit from the bankruptcy. The SDK is therefore proposing a special bankruptcy procedure for such cases. "For cases in which the enterprise's property is not even sufficient for the costs of bankruptcy proceedings or to pay the claims of at least one creditor, the

costs of the bankruptcy proceedings should be temporarily covered by the budget, and the public legal defender, in the name of the state, should collect the costs of the proceedings from the founder of the enterprise or another responsible person." The speculative establishment of new enterprises would be checked by requiring, upon the entry of a new enterprise in the court registry, a statement from the founder, confirmed by the SDK, that there are no unsettled overdue obligations at enterprises in which the founder is an owner.

| No. | Name and headquarters of enterprise   | Number of days transfer account continuously blocked | Average amount blocked in billions of tolar | Number of employees |
|-----|---|--|---|---------------------|
| 1.  | Metalna, Maribor (machinery, construction, assembly, services)              | 999  | 3,843                                       | 0                   |
| 2.  | Elektrovina, Maribor (production of electrometallurgical products, Maribor) | 999  | 644   | 2,180               |
| 3.  | Scythe and Sickle Factory, Lovrenc na Pohorju                               | 906  | 34  | 117                 |
| 4.  | Tabor Textile Factory, Maribor  | 849  | 167   | 731                 |
| 5.  | Merinka Wool Fabric Factory, Maribor  | 789  | 16  | 2                   |
| 6.  | Spedtrans Maribor (consulting, trade, and services, Maribor)                | 776  | 28  | 43                  |
| 7.  | Shirt Factory, Slovenj Gradec   | 758  | 25  | 3                   |
| 8.  | Hmezd Sava, Zalec   | 752  | 1   | 0                   |
| 9.  | Konus Netex, Slovenske Konjice  | 749  | 20  | 98                  |
| 10. | Konus Konves, Slovenske Konjice   | 748  | 5   | 74                  |
| 11. | Konus Koterm, Slovenske Konjice   | 746  | 19  | 124                 |
| 12. | SGP [General Construction Enterprise] Konstruktor, Maribor                  | 746  | 51  | 97                  |
| 13. | Konus Konum, Slovenske Konjice  | 743  | 23  | 261                 |
| 14. | Konus Koko, Slovenske Konjice   | 740  | 4   | 133                 |
| 15. | TVT [Vehicle and Heating Equipment Factory], Maribor                        | 735  | 54  | 41                  |

### Reorganization Process for Banks Prepared

93BA1315B Ljubljana DELO in Slovene 21 Jul 93 p 3

[Article by Miha Jenko: "The Government Will Have the Most Influence"]

[Text] *The Bank Rehabilitation Agency has prepared a draft organizational plan for rehabilitation, by which the organization of rehabilitation is to be adapted to forms in the world; decisionmaking in the agency at several levels.*

Ljubljana, 20 Jul—The Bank Rehabilitation Agency has prepared a draft organizational program for bank rehabilitation, which, according to the agency's director Anton Macuh, has already been approved by the agency's professional council and also by the World Bank (finally, the proposal of the program was also necessary to obtain the latest loan in the amount of \$80 million). Through it, the organization of the rehabilitation of Slovene banks is to be adapted to the organizational forms that have otherwise already been established in the world.

According to our interlocutor, that means that they would determine the responsibility of the institutions participating in bank rehabilitation: in the first place, the Bank of Slovenia, which is the main supervisory body, and at the same time decides which bank goes into rehabilitation and to what extent; in the second place, the agency, which is the executor of rehabilitation and the administrator of banks' bad assets; and the Ministry of Finance, which takes care of the entire rehabilitation process as a "sponsor" on behalf of the government. The new organizational program for rehabilitation is also to receive formal approval when the government adopts an appropriate decree on changes and additions to the decree on the Republic of Slovenia's Agency for the Rehabilitation of Banks and Savings Banks, and according to our information—the Financial Ministry's responsible representative did not want to give statements on this—it will perhaps happen as early as this month.

Decision-making in the Bank Rehabilitation Agency, which is essentially a government body established by a special decree, is now to be organized at several levels: on the strategic and developmental level a supervisory council that would include representatives of government institutions, ministries, and the Bank of Slovenia, which are to influence the main strategic decisions regarding bank rehabilitation and the agency's operation, is to watch over its work.

The most important innovation in the new draft program for organizing the rehabilitation of Slovene banks is that the supreme body for bank rehabilitation is to be the newly established supervisory committee of the Bank Rehabilitation Agency—the finance minister is to head it by virtue of his office, while the former supreme body in rehabilitation, the Bank Rehabilitation Agency's professional council, is to be headed by the deputy governor of the Bank of Slovenia. Representatives of the Bank of Slovenia, the Ministries of Finance, Economic Activity, and Economic Relations and Development, and the parliamentary committee on credit-monetary policy and public finances are to be represented in the supervisory committee. The government will thus have the most say in bank rehabilitation. "That is more normal, since the government takes care of the financial system overall. It is clear, however, that the central bank is otherwise an extremely important factor in bank rehabilitation as well, even though in a way its activity is limited. It is responsible for watching over the operation of banks, it ensures the current liquidity of the financial market, and it takes care of the exchange rate. Finally, the government and parliament are responsible for the development of the entire system. That is also why the above-mentioned change occurred, and I think that there would not be any opposition in the Bank of Slovenia either," Anton Macuh said in response to our question about whether there had been any friction between the Finance Ministry and the Bank of Slovenia because of the planned changes.

Current operational work in bank rehabilitation is to be handled by a board of directors, which, according to

Macuh, is to be "composed of commercially and politically neutral people, if possible former bankers and financiers, so that they would escape various political influences in the agency's work and ensure objectivity for themselves in business and operational decisions regarding rehabilitation at individual banks."

When the above-mentioned government decree is adopted, the agency is to be reorganized and change its statute. "Through the establishment of different organizational forms, which would also be legal persons, the agency is to try to ensure business objectivity, especially in administering bad assets. That is necessary, since otherwise they would always be listening to criticisms like 'Why did you write off that much for that one,' 'Why did you decide on a conversion of debt to capital in a certain case and on rescheduling the debt elsewhere,' and so forth."

We were also interested in how the announced establishment of a Slovene Company for the Administration of Bad Assets was going. According to Anton Macuh, "It is a project that we will postpone for now, and the reason is that we cannot implement it because there is no legal basis for it. We are still waiting now for the government to approve the proposed decree." We learned that within the agency and with the approval of the professional council, several other documents are also being prepared now: they will prepare and confirm the agency's ethical conduct code, which individual banks will also have to adopt. A document on banks' credit policy introduces short-term measures instituting stricter and more thorough procedures for extending loans to banks that are being rehabilitated.

One of the interesting changes, which is also expected to change the rehabilitation agency's organization, is also to be that the agency could borrow from the Bank of Slovenia. "Following the model of similar organizations in the world, we wanted to make this agency more flexible, so that it would participate more actively in bank rehabilitation. The central bank has rather large restrictions on liquidity and credit policy, and the banks are demanding measures, both short-term and long-term, that so far no institution has been able to carry out. We therefore thought that the agency would be a lever through which certain measures could be carried out. Nevertheless, we have to reorganize these things once more so that they will also be legally viable," the director of the Bank Rehabilitation Agency said.

Among the Slovene banks, LB [Ljubljanska Banka] and Kreditna Banka Maribor are in rehabilitation so far, and in a few days rehabilitation is also beginning for LB Komercijalna Banka in Nova Gorica. In fact, the Bank of Slovenia's council and the Bank Rehabilitation Agency's professional council adopted and also published in the last URADNI LISTA a decision on "a public announcement—an invitation to submit bids to collect bids to take over or purchase" the bank in question. The decision says, among other things, that it is apparent from findings regarding the financial situation that the bank meets the legal conditions for



instituting rehabilitation. To put it simply: the Nova Gorica bank is for sale, and the bidder or bidders, upon the purchase, have to invest at least 400 million toalars in capital in the bank, and in the next phase provide the amount of capital that will ensure fulfillment of the provisions of the Law on Banks and Savings Banks and the Bank of Slovenia council's decisions. Even before the bank's purchase, however, the state, through the Rehabilitation Agency will write off a loss and the bank's potential losses against the bank's

guarantee capital. Furthermore, the agency will replace the remaining losses and potential losses with bonds issued for bank rehabilitation. The bank will thus be for sale already rehabilitated, i.e., purged of losses and potential losses, but without guarantee capital. The period for submitting bids is 21 days after publication in URADNI LIST (17 July), and it has been heard in banking circles that the SKB Bank from Ljubljana is among those most seriously interested in buying or taking over the Nova Gorica bank.

## Federal

### Life in Belgrade Turns Chaotic

93BA1315C Ljubljana DELO in Slovene 21 Jul 93 p 6

[Article by Slobodan Dukic: "'Chaos' Is the Most Frequent Word Heard in Belgrade"]

[Text] *Belgrade food shops are half empty, and bakers and dairy producers are threatening that the city will be left without bread and milk; only politicians are promising survival.*

From our correspondent.

Belgrade, 20 Jul—The word that can be heard most often these days in Belgrade is "chaos." "It is impossible to eliminate the chaos, since prices are increasing drastically hour by hour," Stojan Zdravkovic, a government official for market supervision, stated today. Chaos has taken over in supply, transportation, banks, factories, and the purchase of wheat. Belgrade food shops are half empty or closed, and bakers and dairy producers are openly threatening that the city will also be left without bread and milk.

People are being advised that if they do not have any money, they should contact the ministers responsible for social policy. Wheat producers in Vojvodina are demanding that the Serbian prime minister come to Novi Sad immediately. A few days ago, when we visited Vojvodina, we found out that in Becej, which was considered one of the richest Vojvodina cities, the dead were being buried by the district authorities, because numerous families could no longer do it. Because of the noticeable decrease in railroad transportation, travelers at a railway station in a certain small region near Novi Sad lay down on the tracks as a sign of protest, since they could not get into the overcrowded railcars. After an hour the living blockade was removed by a police patrol.

Yesterday the Serbian prime minister tried to calm strikers at the Belgrade motor works in Kragujevac, which is considered the center of the Serbian automobile industry, but yesterday 16,000 employees walked off their jobs, as they had announced a while before. The workers blame the Serbian authorities for the agony and hopeless situation of the former largest Yugoslav vehicle producer. Today's BORBA published the opinion of worker Slavisa Mitrovic, who said that the strike was only the beginning of the changes, and that "the master of Serbia, and we all know quite well who that is," had led to all this. He also added that things would not improve until that person was removed. His colleague, however, said clearly that this master was Milosevic and that if he had any pride and decency, he would have to resign from his position, just because of the people who were hungry through no fault of their own. The Serbian president recently received a high-level trade union delegation, and then reassured its members with the words that they had to resolve their difficulties in cooperation with the government. In connection with

this meeting, the leadership of the Independent Trade Union of Serbia emphasized that Milosevic had left workers in the lurch, that hunger and poverty awaited them, and that consequently no one should be surprised by numerous strikes, which were obviously an expression of universal social dissatisfaction.

The Belgrade press is full of dark surmises. It is announcing in headlines even bigger shortages and citing statements by representatives of large commercial firms that producers are no longer delivering goods to them. The government recently restricted prices, and producers responded by boycotting the market. Prominent financial expert Dr. Milutin Cirovic, who recently headed the government economic council's group of experts, accused the leadership of pushing the state into disaster, because it was still financing budget and economic deficits through the primary issuance. He also said that today only politicians were still promising survival. VECERNJE NOVOSTI, which was still supportive of Milosevic yesterday, is predicting an end to hyperinflation soon, with commodity-monetary flows being replaced by the simple exchange of goods. At the same time, the newspaper informed Serbs that they would soon be "eating roots."

The lines in front of Belgrade banks and private exchange offices which purchase foreign exchange are increasingly longer. Although the state does not particularly favor the exchange offices' owners, who are swiftly growing rich by handling large amounts of foreign exchange, it is nevertheless allowing them to operate, since it knows that this is one of the ways to get the last of the foreign exchange from citizens, who were first cheated by the state banks and then also by private banks. Allegedly at this time the inhabitants of Serbia still have "in their socks" about \$2 billion, and with the present blockade that is the only money that can still be used. People sell foreign exchange at the official rate, the banks deposit dinars in their accounts, and then they sell the foreign exchange at a higher rate to the economy. The economy uses that money to buy everything that it needs, and adds the even higher cost of foreign exchange to the price of a product. The kind of transactions involved is indicated by the fact that in exchange for 10 German marks paid at a realistic exchange rate through a bank account, it is possible to get 200 million dinars—in checks, to be sure—and in the black market it is necessary to pay 75 million Yugoslav dinars for 10 marks.

Dr. Ljubisa Mitrovic, a sociology professor and until recently a deputy for the ruling Socialist Party, claims that complete social poverty will prevail in Serbia, in which people will offer "their kingdom for bread." In his opinion, a solution would be possible through a historic compromise between the authorities and the opposition, but, as he claims, at this moment the authorities are not showing any interest in a government of national and civil unity.

## Serbia

### Threat of Energy System Disintegration

93BA1322D Belgrade POLITIKA in Serbo-Croatian  
21 Jul 93 pp 1, 5

[Article by Stojan Todorovic: "Is the Power System About To Disintegrate?"]

[Text] Kladovo, 20 Jul—For the first time in 23 years, since the first generating units went on line, the personnel at the Djerdap Power Plant await the coming winter with great uneasiness. There has not been a single dinar to apply to regular overhaul of units, nor to complete investment projects already begun.

It could easily happen that the power plants on the Danube and those on the Vlasina and Zavoj near Pirot (which together make up the Djerdap Public Enterprise with a total of 30 generating units and 1,400 employees) would shut down production because units are not ready to operate. And, for the disbelief to be complete, the entire hang-up is over "only" \$2 million.

Stanisa Paunovic, general director in the Djerdap Company, who has been extremely familiar with our power situation for many years, calls this situation dramatic. That is why he is writing a letter which he will send simultaneously to the Serbian Government and the director of the Electric Power Industry of Serbia [EPS] so as to issue yet another warning, as he has done several times before now, concerning the troubles which lie ahead for us.

This is the right time, he says, when it is 39 degrees Celsius, to do now what has to be done to undertake intensive repairs, not in November, when it could be too late. Even now, Director Paunovic says, Serbia's entire system is groaning with a daily output of 50 million kilowatt-hours [kWh], particularly in this hot weather. What will it be this winter, when all the misfortunates "hook up" for power? Then, more than 120 million kWh a day will be necessary. From where? Other power plants have not undertaken repairs either. There is no heavy fuel oil, money, repair supplies, coal, or wood....

The trouble is compounded because for the first time there is a hang-up at Djerdap, which up to now has been the most reliable guarantor of the country's entire power system even in the most serious crises. Djerdap cannot fail disastrously if only the units are in operating readiness. But the trouble is that those repairs do not depend solely on personnel in those power plants, as they once did, but on the treasury of the Electric Power Industry of Serbia, from which the colossus on the Danube has been getting only crumbs. Although it generates almost a fourth of the output, in the distribution of the gross income of the Electric Power Industry of Serbia, Djerdap has a share of less than 3 percent. Yet it "pours" into that same EPS \$200 million in the value of the kilowatts it

generates to get enough just for personal incomes, the rebate, and hot meals for personnel. There is nothing for repairs.

"I am afraid that we face a complete technical shutdown because units are not ready to operate. This month, for example, unit No. 4 was down for all of 10 days because of an ordinary rubber gasket."

Nothing can be done with what is charged for power, Paunovic says. He says that one-third as much money is obtained from the power rate as is set aside just for the personal incomes of the 63,000 employees in the EPS.

"With all that in mind and the very tight deadlines for realizing all obligations, I have been trying, independently of my position as director, to alarm those responsible," Paunovic says. "To tell the truth, the big trouble is that the blockade has also prevented the export of our power to nearby countries where the demand is high. If there were exports, there would be some money for repairs, but the trouble does not lie only in the lack of money at the moment."

### We Are Calling Upon the Government To Be Responsible

For only \$2 million, Paunovic says, Djerdap would nevertheless get units ready to operate for the winter.

"We are calling upon the owner of the facilities, that is, the government, to assume responsibility for this situation," Paunovic says, "and to do so immediately, because in November it will be late. In November, they will call upon us to furnish maximum output, and we perhaps will not be able to do so."

The troubles began three years ago when the government began to meddle in the operation of the Electric Power Industry by creating the public firm EPS. Up until that time, the Electric Power Industry of Serbia had a work force of 20,000 (not including the distribution network and Kosovo), but now it is 63,000. It includes even components which absolutely do not belong to it organically and which, according to Director Paunovic, could provide income on the market "quite outside the price of the kilowatt-hour." Djerdap has thus begun to limp financially. This is also evident from the fact that this firm has a share of 2.4 percent in the total employed labor force of the EPS, a share of 23 percent in total output, but less than 3 percent in distribution of income. It is obvious that those who have nothing to do with it are "seizing" a portion of the price per kilowatt-hour. Paunovic does not want to mention names, but it is an open secret that hairdressers and hotel operators and numerous unproductive coal miners are also living on the price per kilowatt.

"It is because of all that that I think that all these problems should not be hushed up, but, on the contrary, that I should be persistent in urgently putting them on the agenda of the responsible parties. Not only because of the power, but also because of the ship locks at

Djerdap II, which we could complete by the end of this year and get out of the blockade, if only in our own territorial waters. We would not have to beg the Romanians to let us through their ship locks.

"And with the installation of two additional generating units at Djerdap II, the Djerdap Company would get 60 megawatts [MW] of installed power, and our country would get more security in the production of its own power."

[Box, p 5]

#### The Transmission System Is Standing Up

Can our transmission system stand up if this winter everyone "connects" to the power system?

Director Paunovic says that it can, because the system was tested successfully last winter. Only certain home installations might suffer, but without major consequences. Assuming, of course, that there is power and that people can pay for it.

[Box, p 5]

#### A Closed Circle

According to Director Paunovic, the price of power is not favorable to the reproductive capability of our electric power industry.

In the world at large, a kilowatt of electricity costs between 3 and 5 cents, while in our country it costs 0.5 cent. But here the circle is closed in our poverty: There is no purchasing power to pay a higher rate, so then there is no money for repairs....

[Box, p 5]

#### Drought Along With All the Other Troubles

Drought has also been "added" to all the troubles of the Djerdap Power Plants. They say that this is one of the driest summers for Djerdap in the last 100 years. At the moment, Djerdap I and Djerdap II are producing 13.5 million kWh of power per day instead of 20 million, and in June it was still more difficult: Only half of the power planned in that month was generated.

### Macedonia

#### Situation at Tabanovce on the Serb Border

93BA1218B Skopje NOVA MAKEDONIJA in  
Macedonian 26 Jun 93 p 15

[Text] *From the Tabanovce border crossing point to the one at Presevo, the distance is a full four kilometers. However, the border with Serbia is about 200 meters distant from our crossing. The land is ours and now is on your territory, whereas we live on Serbian territory, says Zijah Hamidi from Miratovci village.*

The moment the police authorities in Kumanovo approved our visit to the border strip along the Macedonian-Serb border, we took off for Tabanovce. A hot wind was blowing. Although, according to the people in Kumanovo, this was strange, very few motor vehicles were moving in that direction. Few were coming from the opposite side; over a distance of some 20 km, not one of those strong four-wheel-drive monsters that crisscross the border was seen. They were either waiting for the sun to set, once and for all, or else there was another reason. On the right side of the road was Tabanovce village in the midst of the yellowish fields. We were near the border crossing.

Shade can be found only under roofs here, next to the customs and police control buildings. On our side, there were no more than a few motor vehicles waiting to cross the border. On the other, there was an endless column of heavy trucks packed down two lanes. Passenger cars were sneaking around them, getting closer to the Serbian border crossing. At the police control and state border crossing station, no notification of our visit had been received. Either the telephone call had taken longer than our official vehicle or else something was not in order along the line. After a while, however, we were allowed to shuttle along the border strip.

We wanted to know whether it was true that the strip near Tabanovce, on the Macedonian-Serbian border, has set a world precedent in terms of its length. "It is accurate that full four kilometers separate the Tabanovce border crossing from the Presevo border crossing on the Serbian side. However, the border with Serbia is about 200 meters from here, near that blue poster," we were informed by Jordan Stojanov, deputy commander of the police control and state border crossing station in Tabanovce. The distance is such because on the Serbian side, the new border crossing point, currently under construction, has not been completed. From there, the distance to the signs is closer. The Serbs must finish the infrastructure and bring in running water and sewer lines and sanitation facilities. Otherwise, at least here we know where the border is. All that you see on the other side is Serbian territory.

#### The State of Fields and Meadows

It is as accurate to say that the highway is precisely laid as to state the fact that the line defining the border with Serbia is neither precise nor definitively set. For example, what is the status of the fields and meadows on either side of the highway? According to the law on crossing the state border and traffic along the border strip, this portion includes "some of Macedonia's territory on land and rivers and lakes to a depth of 100 meters along the length of the border line."

"There are people in Serbia who, based on their own personal maps, come to cultivate fields presently on Macedonian territory. Or else they graze their cattle on that territory. Such cases occur with Macedonians from the neighboring villages, whose land lies on the Serbian



side. However, this is only a matter of fields. In that area, there is no settlement divided by the border, so that we do not have any worse problems," Stojanov claimed.

We are told that the outside temperature is about 36 degrees. At the border crossing at Tabanovce, however, it is at least 100 degrees Celsius. The temperature increases amid the huge endless column of trucks crawling toward Macedonia, automobiles which are nervously "stealing" spaces to come closer to the crossing, the hot asphalt, and customs controls, the improvised official areas for customs and police facilities, currency exchanges, and kiosks selling anything you want. Here, there are members of UNPROFOR [UN Protection Forces] as well. Here water is worth its weight in gold, for there is no water supply and water is taken from huge plastic pipes....

We note once again that not even a single truck from Macedonia is crossing the border into Serbia. Also rare are passenger cars.

"Do you speak English," we were asked by one of the many truck drivers, who was obviously fed up with waiting before he could drive into Macedonia. "Tell those two people who seem stuck here, the people from CSCE who keep writing something, let them take a short rest and go away, so that we could go on with our work. We are burning in this sun." Three trucks and one trailer are taking a "left turn," going back into Serbia. Everyone is cursing.

Conversely, at the border crossing into Serbia, from the Macedonian side, there is real chaos. It is as though the world has decided to open here a market for trucks. They are coming from all over the place, Skopje, Banja Luka, Zvornik, Kumanovo, Nis, Sarajevo, and God knows where else. "Here we wait one to two nights. It is now almost 1300 hours and we are still unable to cross. We cross the Serbian border at 0800 hours. We are being told, you do not let us go and we do not let you go. In seven days, neither side has budged. We shall see what to do when all of us start getting hungry. There will be no one to feed us," nervously said Metodija Mitkov, a private hauler. He was bringing sugar from Serbia.

#### UNPROFOR 'Dispersed Detachment'

We drove on. We were cautioned not to step too far off the highway for we could come across a Serbian patrol. There, in the fields, one does not know where the border lies. Here, on the asphalt, there is some kind of collective neurosis. "Are you also UNPROFOR people? You keep taking photographs and writing as though you have nothing else to do," we were told by a young boy with a strong Bosnian accent. He became more friendly when we told him that we are merely newsmen. He was driving a huge truck registered in Zvornik. "I have been waiting since yesterday morning. I am carrying goods to Macedonia. This is not normal, the CSCE people are still easier to deal with."

We left the road and drove across the fields. The wheat was waiting for the rain but there was no rain. It was incredibly quiet, unlike the asphalt jungle. We noted in the distance the "scattered UNPROFOR detachment." Wherever such people are, the border is close. The people guess at the borderline by looking at them. Cattle were grazing without an owner. Some hundred meters away a tractor with a Presevo registration was "resting." Two men, a woman, and a child were digging something in the ground planted in peppers. It was simply incredible that one could work in such heat. Zijah and Murat Hamidi are brothers from Miratovci. Their village is about five kilometers from the border, on Serbian territory. "What is one to do, it is difficult, but one must work. The land is ours, about 2,000 square meters. Now it is on your territory and we live in Serbia. Actually, every day we must cross the border to be able to work the land. For the time being, there are no particular problems. Of late, your police have been watching us more closely and checking what we carry in the tractor," said Zijah Hamidi, lighting up a Zeta. "However, we have no major problems. Such are the times and the people must go on working."

Very close to Miratovci is Lojane, the neighboring village. It is on Macedonian territory. Here, there are both Serbian and Macedonian police, less than 500 meters apart from each other, we were told by brother Murat. "Nothing is clear. When we want to cross some would let us and others would not, and there are no customs. We may also be prevented by the soldiers, and we must go back. Sometimes we are not allowed to cross along the cart tracks, and the border line has still not been defined, no one knows precisely where it is. Probably it is wherever one comes across UNPROFOR groups."

We returned to the Macedonian crossing point. How does he feel, this northerner, under the hot sun beating on the roof of his white vehicle? He can be on duty for about two hours and then is replaced. This is part of the observer-notification mission. "Still, here it is better. Yesterday we in the tent the temperature was 47 degrees Centigrade," he told us, looking through his designer sunglasses to the endless column of trucks and vehicles coming out of Presevo.

Not a single truck could be seen traveling from Kumanovo to Serbia. There were only some 10 passenger cars. Still standing there were the man with the mustache and the woman wearing a green jersey. It is the CSCE that is dangerous. I found this out at General Jankovic, we were told by that same driver who had asked us whether we spoke English....

#### Dissatisfaction Growing Among Ethnic Albanians 93BA1315D Ljubljana DELO in Slovene 21 Jul 93 p 6

[Article by Branko Jokic: "Disagreements in the Biggest Party"]

[Text] Albanians in Macedonia are increasingly dissatisfied with their position; the Party of Democratic Changes

*is increasingly being eroded by internal disputes; PDP [Party for Democratic Prosperity] President Halili has become a "dangerous citizen" again.*

From our correspondent.

Tetovo, 20 Jul—The central assembly of the largest Albanian party, the PDP, was announced for Saturday, but it was suddenly postponed.

Party President Nevzat Halili is "on the road," and the other members of the leadership do not want to talk about why they postponed the assembly. It has been heard, however, that there are serious disagreements within the party's leadership, and so there could be a major split at the assembly, and possibly even a schism in this influential party, which would certainly "jeopardize the resolution of the Albanian question in Macedonia." And not just in Macedonia. In fact, it could happen that other countries could start to treat the Albanian problem in the entire Balkans completely differently.

The disagreements have been going on for some time now, and the reasons are the same as for the Albanians in Kosovo. Some of the local Albanian intelligentsia and politicians support Dr. Ibrahim Rugova's "Gandhiist path." They are striving primarily to keep Albanians' conduct from causing the war to spread from Bosnia-Herzegovina to the territory of Macedonia and Kosovo as well. That faction is headed by Mithat Emini, the PDP's general secretary and its ideological founder. A few days ago, in the Macedonian Assembly, in which he is a deputy, he criticized the "hawks" and advocated negotiations and a peaceful settlement of the constitutional status of Albanians in Macedonia. The party's branch in Tetovo immediately expelled him, and his expulsion was to be confirmed at Saturday's assembly.

PDP president Nevzat Halili, whom people already wanted to remove last year because of his indecisiveness, has now become a "dangerous citizen" to the Macedonian authorities again. This is primarily because he "contributed" to Macedonia's not being admitted to the CSCE (it was opposed by Albania), and furthermore, he also wrote an open letter to Kiro Gligorov (he signed it as a citizen and not as party president), in which he emphasized, among other things, that the Albanians' demands for a constitutional amendment that would give them state-creating status (there is still no discussion of autonomy or any similar form of self-government) were completely justified. He also attached to the letter 15,000 Albanians' signatures, as required by the Macedonian constitution.

In Tetovo, which is considered the center of the "Albanian movement in Macedonia," they support Halili. They also have several more radical proposals for resolving the Albanian question. Deputy Muhamed Halili claims that the Albanians were cheated, since the authorities are using them primarily to prove to the world that civil rights prevail in Macedonia. He demanded that his party colleagues withdraw from the

Macedonian government. In that government (Branko Crvenkovski's), the Albanian PDP, together with the Social Democrats, Liberals, and Reformists, has five ministerial positions. For the time being the ministers are keeping quiet, but individual officials, such as Assembly vice president Eshtref Aliju, think that the Albanians in Macedonia are completely equal.

The disagreements are thus obvious, but there are also other data on the discrimination against Albanians: among the total number of secondary school students and university students this year, only 2.5 percent are Albanians; there are only about 10 Albanians among the 300 new employees of the Macedonian Interior Ministry, and they were hired for the lowest jobs. There are also counterarguments: in the areas where Albanians are in the majority, the rights of Macedonians, who cannot even speak their mother tongue in their own state, are seriously violated. In Kicevo, the municipal assembly declared Albanian the official language in that area. This allegedly also happened in Debar and Gostivar.

#### **Air Traffic Control Problems May Close Airports**

93BA1242A Skopje NOVA MAKEDONIJA in  
Macedonian 8 Jul 93 p 2

[Article by B. Janev: "Airports May Be Closed"]

*[Text] For lack of spare parts and the unorganized and haphazard procurement of them, some radio navigation and other technical instruments in our airports have remained unusable for months. If the proper authorities continue to ignore the warnings, the airports may have to be closed according to the technical service at Skopje Airport.*

One of the many problems caused by the partially defined jurisdiction and disorganization of flight control authority in the country is the lack of concern for the functioning and maintenance of navigation and other technical instruments in our airports, as well as the status of the service and care for such equipment. With increasing frequency, we hear from competent individuals employed at the airports that almost no one takes care of such equipment and that improvisations in its maintenance and the supply of spare parts has reached the point of permanently threatening flight safety which may even lead to the closing down of our airports. The sectorial ministry is familiar with this situation. So far, however, it has neglected to ensure better organized activities in that area.

#### **The Limit of Usability**

According to Plamenko Stavrov, Edvard Spoljaric, and Nada Andonovska, who are in charge of ground navigation facilities at the flight control service at Skopje Airport, flight control and the operation of the flight control service are based on navigation instruments, frequently exclusively on them, without the people to handle them. The current status of this equipment is that it is obsolete. In some cases, no spare parts are available,

and the instruments remain unused for months on end. This raises the question of when will some of the still functioning equipment give up. Although since last year we have asked the ministry and the responsible officials at Skopje Airport about this situation, they deal with the problem either sporadically or simply ignore it. It is a real catastrophe for such expensive equipment to remain unused, and if the proper authorities continue to ignore the warnings, a most terrible development is not excluded—the closing down of the airports, the three technicians say.

We have found out that, for the time being, the VOR [Very high frequency Omnidirectional Range] is unusable at Skopje Airfield. This is a radio navigation instrument which feeds the aircraft steady information on the magnetic course in relation to the station's VOR located on the airport. Also unusable is the DMI [Distance Measuring Instrument]; this is a system with instruments that give the distance from the aircraft to the location of the instrument and is used in the takeoff and landing phases. This also applies to the GCA [Ground-Controlled Approach] Mark 5 on route radar, used for instrument flying in poor weather conditions; it has been "unusable" for about a month. Also in very poor condition is the ILS [Instrument Landing System], instrument flight system in use for more than 20 years and supposed to provide the direction and angle for airplanes that are landing. Furthermore, the radio beacon in Buzalkovo Village (Titov Veles), used to indicate air routes, has been unusable for almost three months. There are four other radio beacons in operation, but there are no spare parts for them. At the Ohrid Airport, the ILS system, required for flights in foggy weather and reduced visibility, is inoperative because it displays a double reflection along the axis; the effectiveness of the triodes that are to be installed in the DMI equipment has weakened; such triodes must be replaced frequently but cannot be procured.

Some of these apparatuses are located near an airport, but others are installed at ground installations. Whereas the former are being regularly checked, according to the technician in Skopje Airport, such is not the case of the latter, for that service does not have functional ground vehicles. Moreover, according to the standards set by the ICAO [International Civil Aviation Association], such instruments are subject to regular control, with daily, weekly, monthly, quarterly, and semi-annual calibration (from the aircraft in the air testing the technical performances, while on the ground, the same instruments are adjusted for disparities and differences are reconciled). Until the breakdown of the former SFRJ [Socialist Federal Republic of Yugoslavia], the maintenance and spare parts for such equipment were provided by a central warehouse in Belgrade. Now, according to the SKL [Flight Control System] at Skopje Airport, because our market has no quality transistors, integrated circuits, diodes, and other electronic elements, they must be procured through our own channels haphazardly, since no regular supplies are available.

#### Inadequate Classification

All of this, according to the technician, stems from the organization of the Flight Control System itself, and situation and status of Technical Services System. According to Zivko Popovski, the head of the technical SKL equipment, it is this service that is maintaining the equipment, from microphones to radar and everything in the area of electronics related to the SKL. Simply put, according to Popovski, whereas the flight controller stares at the radar, the technician is behind his instrument. Now the technical service of Skopje Airfield has a total of six operational personnel, three of whom are about to be retired (one of them this year and the other two the next); in Ohrid, there are four operators. The problem is that in the case of Skopje, this number is only 30 percent of the table of organization, which calls for 18 people, Popovski stressed.

The new classification of jobs is like the old one. This was adequate for the older aircraft communications, essentially domestic, whereas now flights are almost exclusively international. The current classification also involves the elimination of work certificates (the personnel of that service were trained at the navigation school center in Belgrade and were issued first- and second-class permits), although the law on air flight requires them. There has been a standardization of all jobs, although in the past there was a three-step gradation: technician, associate, and superior associate. This made it possible to grade wages and worker relations. For example, a technician is not allowed to calibrate the instruments.

Naturally, the solution to all of these problems, we were told by the Skopje Airport technical service, is to fully organize the air flight authorities in the country, and to set up the so urgently needed civil aviation flight directorate (or a sector during the initial period) that will ensure the functioning of all ancillary services. This will also mean setting up a storage and procurement service concerned with the prompt supply and procurement of spare parts for navigation and other airport equipment. It is mandatory to update all parts of the flight control radar systems, radio navigation stations, telecommunications equipment, and the weather forecasting instruments. Lately, there is a great deal of talk but virtually nothing is being done. Otherwise, as a consequence of the existing condition of such ground equipment, many undesirable events could occur in the air.

#### Preliminary Data on Reported Army Plane 'Crash'

93BA1218A Skopje NOVA MAKEDONIJA in  
Macedonian 30 Jun 93 p 4

[Article by Z.P.: "Forced Landing in a Dense Forest"]

[Text] Captain Dragan Sarovic and Lieutenant Nikolco Trajceviski, both pilots from the ARM [Army of the Republic of Macedonia] swerved by some 10 km from their planned flight and then were forced to land the Utva

*75 airplane on the slope of Mocur Mountain in the vicinity of Makedonski Brod.*

Following up last week's information that on the 24th of that month an ARM aircraft crashed against Mocur Mountain, not far from Makedonski Brod, in the course of which both the pilot and the co-pilot were injured, further details were reported to us yesterday by the Ministry of Defense regarding that accident. The Utva 75 aircraft, piloted by Captain Dragan Sarovic and Lieutenant Nikolco Trajcevski, on a scheduled assignment, deviated by some 10 km from their planned route and crashed, for reasons as yet unknown. The accident occurred at 0845 hours on that day, when the aircraft was forced to land on the slopes of Mountain Mocur, not far from Cresnevo Village. This means that it did not crash.

The aircraft was severely damaged because of the forced landing, complicated by the difficult terrain in that area which is covered by dense forests. According to our information, Sarovic and Trajcevski got away, one with a broken leg and the other with a broken jaw, and they are still undergoing treatment. The latest information is that the accident investigation commission, consisting of expert ARM and Ministries of Defense and Internal Affairs teams, is still investigating the reasons for the incident.

**\* Venezuelan UN Ambassador on Recognition**

93BA1228A Skopje PULS in Macedonian 2 Jul 93 p 22

[Interview with Diego Aria, Venezuelan ambassador to the UN, by Emil Kresteski; place and date not given: "Macedonia—Challenge and Temptation for the UN"]

[Text] *"Venezuela will chair the Security Council in September and I, as its ambassador to the United Nations, shall insist that a resolution be passed on resolving the Macedonian-Greek dispute about the name," Diego Aria said in a special interview recently granted to PULS.*

Ambassador Diego Aria was born in 1938, in Caracas. He is married. He has an eight-year old daughter and is a career diplomat. Before being posted permanent ambassador of Venezuela to the United Nations, he was the Venezuelan minister of information and tourism, governor of a federal district (Caracas), congressman representing Miranda, and performed numerous diplomatic functions in the world organization. He was chief secretary to the general director of the Organization of American States in 1981 and 1982. He was director and founder of a number of information companies and commercial enterprises in Venezuela and on the American continent, deputy director of the executive council of the American Development Bank in Washington, contributor to the Encyclopedia Britannica, and many others. He is a graduate of economics and political science from Eastern Michigan University, and modern economics, Georgetown University. In September, when

a resolution of the Macedonian-Greek talks is expected, he will become president of the UN Security Council.

[PULS] The issue of the recognition of the Republic of Macedonia should be resolved quite rapidly. This was your answer less than three months ago, when you were asked about Macedonia's UN membership. What is your thinking now, Mr. Ambassador, when our country is a member of the world organization, with a temporary name?

[Aria] Macedonia's UN membership was recommended by the Security Council with Resolution 817. The General Assembly confirmed the adoption of Resolution 47/L.54/19. As you know, the two bodies of the United Nations accepted the temporary name of "former Yugoslav Republic of Macedonia." However, it is a fact, as confirmed by both bodies of the world organization, that in this case we must resolve and give priority to the request of the participants themselves and they must assume the initiative, which is most necessary in order to reach a consensus. Actually, this is the basic principle of the United Nations rule as expressed in Article 33, according to which, regardless of the nature of the conflict, the parties must try to resolve it on a bilateral level. Our view is that these efforts must continue and we shall support them. Venezuela voted in favor of both resolutions, of the Security Council and the General Assembly, and we wish you welcome as we do all new members of the organization.

[PULS] Is the issue of the name the main topic of talks between the Republic of Macedonia and the Republic of Greece?

[Aria] Yes, this is our opinion. This is in the context of the many issues and measures for building trust. This is an issue to be discussed by the two countries.

[PULS] The talks between the representatives of Macedonia and Greece within the framework of the Security Council will continue sometime until the end of September, when you will become president of the Security Council. What do you think, Mr. Ambassador, what direction will they take?

[Aria] Let me clarify the issue. The talks are not directed or rather guided by the Security Council but are in the hands of the two countries, with the good offices of the co-chairman of the conference on former Yugoslavia. The Security Council is awaiting his recommendations. I cannot comment on the way the talks will go and will be conducted. Naturally, this depends on the understanding reached by the two sides.

[PULS] Is it possible for President Kiro Gligorov and Prime Minister Konstantin Mitsotakis to meet soon and talk in New York, at the United Nations?

[Aria] The United Nations is a better place than anywhere else for holding talks. The world organization, naturally, with its neutral attitude, is best for holding talks and, furthermore, the UN Secretariat has offered



and will offer its services for many sensitive talks. In such a case, I repeat, I believe that the choice of the level of the meetings and discussions will depend on the consultations between the two countries or else the suggestions of their intermediaries.

[PULS] Will the talks last long, longer than the time stipulated by the United Nations, which is September?

[Aria] I cannot tell you precisely, but I can hope that they will not last long. The faster an agreement can be reached, the better. This will also help to increase mutual trust, the desire to normalize the situation, and the creation of a firm foundation for good neighborly relations between Greece and Macedonia. The government in Caracas is looking at all such processes in light of our hopes for the successful implementation of this objective.

[PULS] What contribution could you make in connection with relations between Macedonia and Greece, as president of the Security Council for one month (September)?

[Aria] During their monthly mandate all presidents of the UN Security Council have the task of emphasizing the significance of this issue within the framework of the plan for action of the Security Council. This is also the case in September, when Venezuela will preside over the Security Council and it will certainly insist on a resolution in connection with this issue. This will be my primary commitment and task related to that issue.

It may still be too early to have a clear idea of the development of the situation between not and September and whether the issue will be resolved in the best possible manner. But let me say again that this will depend the most on how similar the views of both countries have become.

[PULS] Mr. Aria, do you believe that the presence of the blue helmets and of American forces on the territory of the Republic of Macedonia will preserve the peace in that country and will prevent the spreading of the conflict in Bosnia to other Balkan areas?

[Aria] The action of the United Nations is based on all the efforts for protecting and ensuring the peace. The challenge and temptation of the world organization in that period of troubles in the Balkans and in Europe is tremendous. We must bear in mind that this entire problem between your country and Greece will develop within the framework of the resolution of the Yugoslav crisis. In that sense the role of the United Nations as a factor in influencing international relations is unquestionable.

The resolution of the Security Council on sending the blue helmets to Macedonia is an example of the implementation of the new role of the world organization in international relations. I would describe it as "preventive diplomacy" or "preventive action." It is a fact that all countries members of the United Nations believe that such steps or, more accurately, taking preventive actions and discouraging the use of force in the countries with a

potential for crisis prevent conflicts and reduce the chances of armed clashes. This, actually, is a collective effort and commitment on the part of members of the United Nations, who accept these principles. The Security Council believes and hopes that in Macedonia this will yield the expected results.

#### \* Gasoline Smuggling at Border With Greece

93BA1182A Skopje VECER in Macedonian 22 Jun 93 p 4

[MAKPRES article: "Smuggling of 130 Tons of 'Premium'"]

[Text] *The gasoline on which duties were not assessed ended up at several Tetovo pumps. The Greek drivers of the tanker trucks have been held for investigation since one of them was found with 25,000 German marks and forged stamps from the Skopje customs office in his TIR [international highway transportation] books.*

Gevgelija, 22 Jun—Six Greek tanker truck drivers have been held for investigation because Macedonian customs authorities determined that, as they were crossing Bogorodica, they brought in 130 tons of premium gasoline, unloaded it at the customer's place without paying customs duties, and tried to leave the country with forged documents indicating that they had paid the duties.

On one of the Greek drivers, customs officials at the Macedonian-Greek border found 25,000 German marks, which probably represent the "reward" for the transaction, forged stamps from the Skopje customs office in four TIR books, and two TIR books without any stamps whatsoever.

In the interest of the investigation, the officials did not announce the name (or names) of the Macedonian firm for which the gasoline was imported, except for the fact that it ended up, with unpaid customs duties, at several Tetovo pumps.

In one week alone, 150 tons of premium gasoline were confiscated at the Bogorodica border crossing in attempts to evade customs duties.

#### \* Leader of Ilinden Free Democrats Interviewed

93BA1175A Skopje PULS in Macedonian 11 Jun 93 pp 7-9

[Interview with Mihail Panovski, member of Parliament, by Nebojsa Jakonov; place and date not given: "The Elections Will Be Decided by the 'Disappointed'"]

[Text] Unquestionably, one of the phenomena of political pluralism in its Macedonian variant is the appearance of an entirely new type of politician, I would say, quite unlike the standards we had become accustomed to. One who emerged in politics essentially as a result of

the "critical historical mass" created by the new situation and overall ideology. One of the most remarkable among them in the current Macedonian parliament is Mihail Panovski, a relatively young person (born in 1958). As he himself admits, he never thought that he would be in politics "before pluralism."

Panovski was, until recently, the leader of the Ilinden-Free Democrats, a small party that appeared on the Macedonian political scene after he left the VMRO-DPMNE [Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity]. Last week, the party announced its own "self-disbanding" and merger with the new Democratic Party, headed by Petar Gosev. Panovski is an interesting interlocutor also because his short but quite "intensive" political career reflects some of the most topical processes and trends in overall Macedonian political life.

[Jakonov] Actually, we could start this conversation with the statement that in the actual composition of the Macedonian Parliament, among those 120 people, you have appeared as one of the most active representatives in the past two to two and a half years. On the other hand, you are the representative of the new type of politician who has developed with the start of political pluralism in our country and who is quite different from the previous ones, not only in the context of a monistic political system, but also on a broader basis, within the framework of parliamentary systems with longer traditions.

[Panovski] To begin with, let me tell you that I had never thought that one day I would become a politician. My assumptions and hopes when I was young were essentially related to electrical engineering, which I had chosen as my vocation, and sports. The latter, incidentally, has interested me from my most early youth (I played volleyball) and, later, for a number of years, I was a volleyball umpire. This marked the end of my activities and plans in terms of a broader social involvement.

I can also tell you that, as an offspring of a family that came from the Aegean part of Macedonia (my mother's brother and sister were shot by Greek monarcho-fascist soldiers), I have always had a strong national Macedonian patriotic feeling. I believe that this was particularly manifested while organizing the meeting with refugee children from Aegean Macedonia. Actually, I can say that it is precisely then that I developed this type of interest in politics that subsequently became even stronger, above all through participation in two protest actions on the Greek border which were organized by Todor Petrov. Actually, it was precisely during the second border blockade that I and a few of my friends realized that it was necessary to found a new most Macedonian party. I said "most Macedonian," for even then we were beginning to feel that the MAAK [Movement for All-Macedonian Action] was beginning to lose popularity among the most active and most extreme nationalistic segment of the people in Macedonia. At

that time, we all attended the constituent meeting of the VMRO-DPMNE and became members of that party.

[Jakonov] You said yourself that some of the forces that appeared at that time within the framework of political pluralism considered the national question one of the main issues. However, there are those who believe that the ethnic question, as one of the main political topics in our country, is actually not an original creation of these new political forces, and that it was precisely the communists who discovered that a warmed up national feeling was an ideal way of staying in power.

[Panovski] I can discuss this only as it pertains to the past. What you are saying is valid. However, we must admit that in Macedonia throughout all this time the national feeling was suppressed by the authorities. At least that is the way I felt. It is also a fact that, with the appearance of the liberals in the 1970s, the hope arose that some changes would be made in that sense. However, those same liberals disappointed many people, for it became apparent that they were no more than one of the two communist factions struggling for power.

I repeat, it is a fact that the communists developed the national feeling. It is they who created the state. However, it is also they who broke it up.

[Jakonov] It is being said that politics is also an expression of the social aspirations of social groups. Do you believe that we had such aspirations at the start of political pluralism?

[Panovski] I believe that in Macedonia it will take a lot of time for us to learn democracy. I believe that we should have at least another four or five elections, which means a minimum of some 20 years, before the individual parties could consider a certain share of the people as their own faithful electoral body. Actually, it is a fact that the voting process, between the two rounds of the first elections, indicated that we do not have the type of social stratification within the electoral body and, therefore, we cannot speak of any kind of correlation between the social affiliation of the voters and the parties for which they vote.

[Jakonov] We have somewhat drifted from the initial topic of our discussion: your direct political involvement and all the changes that you experienced as a politician for these two and a half years. You mentioned that you attended the constituent meeting of the VMRO-DPMNE. How long did you remain a member of that party?

[Panovski] Sometime until the beginning of July of last year. However, I can say that our disagreements started when the parliamentary debates on the Constitution opened. Although I am no longer a member of that party, I must admit that to this day I feel it as my own. I am pleased when it does good work and I feel sad when I see that some people are compromising and bringing it down. It is like a first love that is never forgotten.

My quarrel with the VMRO was more of a personal nature and not with Ljupco Georgievski but with the people around him. Still, I can say that some of the solutions I suggested at that time, which were rejected by Georgievski, eventually proved accurate. As to the party program, there has never been any argument. I accepted that program and worked on its basis, and I trust that my efforts followed in that direction throughout this entire time.

[Jakonov] Still, your withdrawal from the VMRO was considered by the public as the founding of a more moderate party wing.

[Panovski] Well, everything depends on who made such an assessment. Some members of the VMRO called us communists and police informants. Time, I believe, has provided the best proof of who we are and what we are. Are we a more moderate trend? I can speak for myself only and not for others who, also at that time, left the VMRO. In time, such a differentiation takes place within all parties. Not all people can be molded in a single pattern. Some people are more temperamental, some are more phlegmatic, depending on their character. Some would consider them more moderate and others, more radical.

[Jakonov] Correct us if we are mistaken, but the initial impression was that the Ilinden Free Democrats clearly intended to operate exclusively within the opposition bloc.

[Panovski] As to the participation of Ilinden in the opposition, we have always tried to act as a constructive opposition. Incidentally, I believe that the concept of opposition in Parliament, particularly as depicted by the media, is somewhat distorted. Specifically, I believe that it would be difficult to find a country in the world that would have a more loyal and more constructive opposition than that which exists presently in the Macedonian Parliament. Naturally, it is a fact that if the opposition was not there, the parliament could not meet, for it is the opposition that makes up the quorum, thus confirming its loyalty to the state.

Our second intention was to achieve a certain unification, a certain union of centrist forces. At that time, however, we were unable to achieve a somewhat greater unification for the reason that a high percentage of the small parties, were involved with the current powers, at least that is my opinion. Simply, some of them exist merely to prove that we have pluralism.

[Jakonov] We now come to the most topical issue not only in terms of your current political activities, but also, more broadly, involving the entire political situation in Macedonia: the aspirations of the political centrist bloc. Last week, the Ilinden Free Democrats Party, your former party, somehow disbanded itself by proclaiming that it was joining the new Democratic Party headed by Petar Gosev. As we know, that party considers itself a centrist party, a position claimed also by some of the parties of the present governmental coalition.

[Panovski] I have a somewhat different view of this matter of political center. I believe that the Union of Reformist Forces-Liberal Party—I presume that you were referring to it—that is part of the present coalition, is trying to extract maximal benefits for that party and, at the same time, it is claiming that it is precisely the one that is the leading and more noted centrist party. However, I believe that what Macedonia needs at present is somewhat different, a real political center, equally distant from the left and right blocs. Specifically, I believe that the liberals were leaning too much to the left.

[Jakonov] In the context of your statement, would you agree that the political center must, above all, express the interests of the strata that, by the nature of things, tend to support this kind of party? This means that it should have a civic orientation in the true meaning of the term.

[Panovski] In my view, such a classification into civic and national parties is, to a certain extent, overemphasized and unnatural. I believe, specifically, that the main classification of the parties should be based on those that operate in accordance with the Constitution and those that operate in violation of the Constitution.

[Jakonov] When you speak of the initiative of organizing the Democratic Party, the initial reaction included some remarks, according to which, the program of the party headed by Gosev indicated a certain intention to function as some kind of political front. In other words, to develop a political group of parties and to have individual parties based on a variety of ideological platforms, but with these parties a consensus could be reached on the so-called major political issues such as, let us say, the nation, the national platform, the concept of economic development, and so on.

[Panovski] Let us first make one thing clear. Above all, that program was only a draft program. The founding of the Democratic Party is still only on the level of an initiative. If I am not mistaken, the constituent meeting will take place on 26 or 27 June. This means that it is only then that the real programmatic declaration will be issued. In other words, let me say that I have a somewhat different view on this matter. I believe that we are now initiating a reverse process that, in my view, will prove to be very important in terms of the development of democracy in Macedonia. So far we have had the splitting of parties. Now we have the opposite: parties are beginning to amalgamate.

We cannot conceal the fact that to us, and to me personally, the old parties I liked the most were the League for Democracy and The Green Party. Therefore, as Ilinden Free Democrats, we were ideologically close to those two parties. Let me even say that when I was a member of the VMRO, together with some representatives who are now at the top of that party, on several occasions we met with Djordji Marjanovic [Chairman of League for Democracy] for various consultations. Obviously, we would not have done so had we not valued that party.

I can also tell you that, in my view, such a unification could have been accomplished only by a noted political personality, such as Petar Gosev. I believe that it would have been very difficult to rally that center without a strong leader and, other than Gosev, I personally cannot find any other individual who could have accomplished this. Naturally, I believe that such a unification and the formation of a big party is good for Macedonia, for it will offer a necessary balance and will not allow a stalemate on the Macedonian political scene.

[Jakonov] The fact that you emphasize the importance of the leader of the new party, and the fact that you have proclaimed the self-disbanding of the Ilinden Free Democrats, does it mean that the fusion between these two parties means some kind of personal union?

[Panovski] Actually, it would be best to say that, as a party, Ilinden Free Democrats was phased out and collectively converted to the Democratic Party of Petar Gosev. I believe that the form, the manifestation, is entirely without significance. What matters is the essence, the fact that we believe that all of this is in the interest of the state. Otherwise, we have not asked Mr. Gosev for the adoption of any kind of specific positions. We simply did this as a result of a political assessment we support; the fact that for the good of the state, we needed this kind of bloc of the political center. The stronger this bloc is, the more the prospects of the state will become brighter; since the antagonism between the current "leftists" and "rightists" is so great that they will never be able to form a coalition. Including the Albanian factor, on which we can always rely, we shall achieve a balance of forces. That is precisely why I believe that we need a strong central force, as strong as is possible.

[Jakonov] We assume that you shall have further contacts with your colleagues of your former party. So far, the VMRO has not publicly expressed its views on the establishment of the new party. Have you had some personal contacts from which you could determine the nature of its views?

[Panovski] The VMRO is a party with the highest number of representatives at this time. This may have somewhat frightened some of the representatives in terms of joining the Democratic Party. Still, I believe that the VMRO has not developed a view on this issue. Briefly, it appears that it is a question of a mixture of fear and satisfaction: fear that some of its representatives would convert to the new party, and satisfaction that this party is a strong match to the Social Democratic Alliance.

[Jakonov] Since you mention your own political assessment of this new party, would you dare to forecast who, actually, could join it?

[Panovski] Personally, I am in favor of a symmetrical reaction: if it is joined by VMRO representatives, it should also be joined by representatives from the SDS [Social Democratic Alliance]. I would not like for us to deprive a given party. I believe that the purpose is to attract the citizens and that it is totally unimportant whether at its

beginning this party will have seven or 11 representatives. In my view, what is more important is the fact that a huge mass of sympathizers has already appeared, ordinary citizens who would like to become party members. I would say, therefore, that the people (let me emphasize, the ordinary people) feel that something is happening. Personally, this pleases me a great deal.

[Jakonov] It is obvious that there has been a certain movement based on the formation of the Democratic Party, and that in the next elections this party will, in all likelihood, be a very major "player." In your view, what is the reason for what you describe as a wide circle of potential sympathizers?

[Panovski] In my view, the most important factor is the personality of Petar Gosev who has clearly made it understood what he is and who he is, above all through his speeches in Parliament and, earlier, with the decisive "no," which he voiced at the latest congress of the League of Communists in Belgrade. I believe that this was the first time in former Yugoslavia that a Macedonian said no. I would add to this his speeches in the current parliament. This encourages me to say that he is the most qualified representative.

[Jakonov] A good share of this discussion was about you, personally, and your political involvement. Let us ask you whether you believe that the Democratic Party will be able to achieve some of the ideals that, as you mentioned, you had at the beginning?

[Panovski] Let me first tell you that most of these ideals of mine have already become reality. First, Macedonia has become an independent state. This, I must admit, at the time I could not believe could happen or that we would live to see it. Now things are different: it is precisely now that I think that some things must be accomplished for the people and the state and prove that the current regime is incapable of organizing the state. That is why I believe that the Democratic Party will have to emphasize precisely such issues.

[Jakonov] Still, let us consider this entire matter from another angle. Namely, that the Democratic Party, and we do not know whether you would agree with this assessment, is, in a certain sense, a kind of ideological mixture that always carries the threat of causing a short circuit.

[Panovski] Well, all of this depends on your point of view. If a short circuit takes place or not, time will show. Personally, I hope and believe that the Democratic Party will be the most dominant entity on the Macedonian political stage. In any case, no short circuit would occur if we express a variety of thoughts. This means that there is an internal democracy, such as any party should have. I believe that the Democratic Party will, in its internal party functions and in terms of the public, function exclusively through democratic methods.



[Jakonov] Speaking of democracy, do you believe that the Democratic Party will constitute a step forward in what we discussed at the beginning: the possibility for any party to become the authentic interpreter of the social aspirations of specific strata and groups? According to many political experts this is a prerequisite for true parliamentary democracy.

[Panovski] I believe that the very fact that former members of the VMRO and the SDS and other parties will become members of the Democratic Party indicates that this new political entity will attract a great deal of voters from the opposition or people who are neutral. I believe that the highest percentage of the voters who will vote for the Democratic Party will be those who have been disappointed. Assuming that the highest percentage of the people are disappointed in the actual policies, I believe that, through the Democratic Party, they will be able to articulate their political views. This will be the measure of the democratic nature of that party.

[Jakonov] Finally, let us ask you whether you believe that the Democratic Party will be able to resolve the second and, according to some, much more dangerous bipolarization of Macedonian politics—the realm of interethnic relations?

[Panovski] This depends also on the deployment of forces. I hope that the situation will change after the elections, for I believe that if it works well, the Democratic Party will be able to win a majority. As to interethnic relations, my view is that in time these matters will be settled.

[Jakonov] But on what basis? Will it be on the basis of the frequently mentioned issue of "loyalty" of the other ethnic groups in Macedonia?

[Panovski] On the basis of the Constitution, on the basis of the fact that, according to the Constitution, all of us are equal, all of us have the same rights and the same obligations. Naturally, we should include here political wisdom on the part of both sides, the Macedonian and the Albanian.

#### **Retired JNA Generals Vacation in Country**

*93BA1182B Skopje PULS in Macedonian 4 Jun 93 p 5*

[Unattributed article: "Visits, Wine, Politics..."]

[Text] As PULS has learned, retired JNA [Yugoslav People's Army] General Simeon Tumanov was paid a friendly visit at his cottage in Dojran, once in February, twice in March, once in April, and once again in May, by

his former colleagues and noted actors in the Yugoslav drama, retired Generals Andrija Raseta and Blagoje Adzic. Andrija Raseta, furthermore, was acting as a representative of a certain Italian wine firm, and contacted the vineyard combines Lozar, in Titov Veles, and Povardarie in Negotino.

Raseta and Adzic also visited the village of Stojakovo, where the formation of a Serbian Radical Party for Macedonia is now being advocated. These are not the only former JNA generals who frequently visit the Republic of Macedonia. In March 1993, specifically, retired General Stevan Mirkovic, one of the leaders of the LC-Movement for Yugoslavia, also visited Gostivar, after which political activity on a similar level suddenly intensified in this city.

#### **\* Economic Relations With South Korea**

*93BA1228C Skopje VECER in Macedonian 28 Jun 93 p 4*

[Article by J.P.: "Soon an Honorary Consul in Skopje"]

[Text] Through its representative Zito Makedonija from Skopje, the South Korean Daevu Corporation from Seoul is making intensive preparations for the imminent appointment of the first honorary consul of South Korea in the Republic of Macedonia. It is thus that that distant, but friendly, East Asian country would like to help the Republic of Macedonia, with which it has good economic relations, by recognizing it until normal intergovernmental diplomatic relations are established.

Practical experience confirms that the best way of organizing good, friendly intergovernmental relations are through relations and cooperation in the fields of science, the arts, and, especially, the economy. In the context of the results of the comprehensive economic cooperation between several companies of both countries, particularly between Daevu, Seoul, and Zito Makedonija, Skopje, the South Korean ambassador to Belgrade visited Macedonia.

In addition to the involvement of the South Korean corporation, it is expected that the Macedonian Society of Orthopedists will be recognized as a full member of the World Orthopedic Assembly with their participation in sponsoring the world orthopedic congress, SIKOT, that will take place in Seoul. Furthermore, the first official business visit of a delegation from the Engineering Faculty in Skopje has been arranged. It will be headed by the faculty's dean, Dr. Pavlovski, and will include a visit to the Daevu Corporation. Talks on scientific collaboration have also been agreed upon with the rectorate of Aju University in Seoul.

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